

MISCELLANEOUS ACCIDENT INSURANCE

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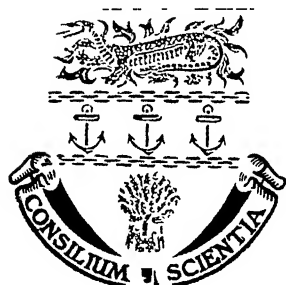
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THE CHARTERED INSURANCE INSTITUTE



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This Handbook is issued under the authority of
THE CHARTERED INSURANCE INSTITUTE and is
designed specially for the use of students.

PREFACE

If any explanation is needed for the inclusion in one volume of so many diverse classes of insurance that have no relation to one another it is to be found in the fact that The Chartered Insurance Institute has now included in the syllabus a new subject "Miscellaneous Accident Insurance."

It may be questioned whether there is anyone who can claim to be an expert on so many and such diverse classes. The author certainly does not claim to be such a paragon. He is merely an Accident Manager (retd.), but he is fortunate in having a host of friends who have been unsparing with their help. The book, therefore, though not by an expert, embodies the knowledge of experts. To all these many friends the author tenders his most grateful thanks.

In preparing this volume, the author has not confined himself to those classes of business enumerated in the syllabus of the Chartered Insurance Institute, but has included certain additional classes which seem to fall naturally within the broad description of Miscellaneous Accident Insurance. It is his hope that, in so doing, he may have presented in handy form some useful information not readily available elsewhere.

J.B.W.

April, 1949.

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CHAPTER I

INTRODUCTORY

SOME of the classes of insurance dealt with in the following pages are catered for by specialist companies, but most of them are generally undertaken by the big composite offices.

As a general practice they are transacted in the accident department for no very good reason, except that not being definitely fire, life or marine risks then they must be accident, which term in the minds of many insurance men is synonymous with miscellaneous.

Accident men have probably another explanation to offer, but this is not the place to go into that.

All the classes dealt with, with the exception of some contingency risks, are contracts of insurance, and therefore the principles of good faith, insurable interest, indemnity and the like apply.

Not all the forms of contract dealt with in this book have the attributes of insurance ; some are contracts made to deal with circumstances peculiar to the particular case and would have to be construed according to the general law of contract, the special rules relating to insurance not being applicable.

The usual insurance practice is followed (again with an exception in the case of contingency risks). Proposal forms and printed forms of policy are employed with the usual system of endorsements, and except where the business is short term, e.g. live stock and hailstorm, renewal notices are used.

Many of these insurances do not come within the classes specified in the Stamp Act, 1891, but fall under the general class of agreements under hand and attract a stamp duty of 6d.

The classes are in the main non-tariff, but there are tariffs for comprehensive insurance for private dwellings under the ægis of the Fire Offices' Committee, and for live stock and business pedal cycle business, controlled by the Accident Offices' Association, and in some cases there are agreements as to rates, policy wording, etc.

As a rule the claims are dealt with in the office and the services of loss assessors are not utilized, but there are exceptions both as regards the classes and in regard to the practice of particular offices. In some cases it is essential to obtain expert assistance in assessing the loss as in the case of hailstorm, while in others, e.g. redeemable securities, it is merely a matter of a simple calculation.

On the whole the experience has been satisfactory with perhaps

the exception of plate glass. The companies would not continue to write the business if it were not, as it can hardly be said that it is necessary to write some of these classes for the sake of connection.

At present the whole of the business is small—leaving aside householders' comprehensive insurance, which is not a separate class but a hybrid—but there is room for development and growth, and the loss of workmen's compensation business may induce the companies to see if there is here a possible source from which to replace the premium income they are losing.

A good many policy wordings have been included in this book as probably the reader will not have ready access to actual policies. It must be borne in mind that they are not necessarily standard wordings, and should be regarded only as a wording which one office uses or has used on a particular occasion, but they will serve to explain the cover.

Some of these classes are transacted in the foreign field, but this book deals with home business only.

CHAPTER II

PLATE GLASS INSURANCE

THIS minor though important class of accident insurance suffered a material setback as the result of the outbreak of hostilities in 1939 and it is estimated that between 25 and 40 per cent of the business was cancelled as a result of the wholesale destruction of glass by enemy action. Normal conditions have not yet returned, as will be obvious from the number of "peep windows" still to be seen in any shopping street.

THE REPLACEMENT SERVICE

Glass insurance is regarded by the companies as replacement service rather than as a simple material insurance. During the war years this rapid service almost disappeared through no fault of the companies or the glaziers, and this position still obtains to a lesser degree. It is reasonable to suppose that the supply situation will now improve steadily, but it is not to be expected that the cost of glass and labour will show any appreciable fall, at any rate for some time to come.

These circumstances would seem to call for an examination of the present premium rates, and the question is said to be now engaging the attention of the companies. The business is not the subject of a tariff but there is an agreement between the leading companies regarding some aspects of the business.

The business is at the time of writing undergoing rehabilitation—a slow and somewhat tedious process. In these circumstances it is difficult to decide on the way the subject should be treated in these pages. To deal with the business in the attenuated form it takes to-day would be of little service to the student as the business gradually comes back into its own. In dealing with the business on a pre-war basis (as has been done) it must be borne in mind that there are a good many things that are still unattainable.

Leaving aside, therefore, the transitory difficulties of the early years of peace we may say that the keynote of glass insurance is service, and in this respect it differs from many other forms of insurance. It is not correct to regard glass insurance merely from the aspect of compensation. It is that, of course, but it is far more. The benefits to be derived from the protection afforded by a glass

insurance policy are less appreciated by the general public than they deserve to be because the essential characteristic is seldom properly realized. The normal fire insurance policy undertakes to indemnify its holder in cash for such loss as he may sustain up to but not exceeding a specified amount colloquially called the sum insured. The office it is true reserves to itself the option of reinstatement but that alternative is so seldom exercised, and then only under very unusual and exceptional circumstances, that in point of fact it is almost entirely of academic interest. The normal glass insurance contract, on the contrary, is an unlimited one of replacement, the department equivalent of "reinstatement," with the alternative of financial restitution at the option of the company. It is a rare thing to hear of a glass insurance claim being paid in cash, and then it is usually because it suits the convenience of the insured that it should be so. For example a property owner may wish to take advantage of the opportunity afforded by a breakage to remodel the broken window or windows in which case replacement on the usual lines would not suit his scheme.

The companies almost invariably arrange for replacement in the case of breakages, and the promptitude with which this can be done, and is done, is one of the chief advantages of this mode of settlement. Some companies specializing in this branch of insurance have made their reputation by the prompt service they are able to render in the way of replacement, thus avoiding loss of trade to the insured by reason of shop windows being out of use, and weather damage. To this end some companies in London maintain their own stock of glass, their own staff of glaziers and their own delivery vans.

In effect the company agrees for a certain consideration to perform a certain "service" in the event of a certain thing happening; that is, it contracts to replace the glass if broken.

To illustrate the practical value of this service, take the case of a shopkeeper who is suddenly confronted with the necessity of replacing broken windows. Such a man must find out who are the local glaziers, ring them up and get them to estimate, wait for these estimates, compare them when they are received, and then decide on the particular glazier to whom he wishes to give the work. Even after he has given the order, the probability is that the glazier will say he cannot attend to it that day. He will no doubt take his time about it, giving preference, and quite naturally, to customers from whom he receives large and steady business. During all this time the shopkeeper will have just cause for worry and annoyance over the unsightly appearance of his premises and finally will have to pay the glazier who generally reckons on a larger profit from such casual orders than from his regular business. Obviously if the breakage be

serious, if for example an entire glass front be destroyed, in cold or stormy weather lost business and prolonged discomfort may result from the breakage.

On the other hand the same shopkeeper with glass insurance need only telephone to his insurance company and rest content that the broken glass will be replaced to his entire satisfaction within the shortest possible time and without further trouble to himself.

It is an open secret that insurance companies are "pet customers" of the glass trade because they are constantly placing remunerative orders which are invariably paid for, with no bad debts and no delay. They consequently get the most favourable terms for replacements, and are in a position to expect and to receive immediate attention and the best of material and workmanship on every job, be it large or small. In short they can effect replacements more cheaply and more quickly than the individual.

When one considers the difficulties which an individual owner would have in getting his glass replaced, and calculates what a small fraction of the cost would have secured the benefits of insurance, it is a matter for surprise that any glass is uninsured and that this form of cover should be regarded (as it often is) as a luxury rather than a necessity.

THE GLASS INDUSTRY

Glass, like many another thing, owed its discovery to accident. It is recorded by Pliny that about 5,000 years ago a party of Phœnician mariners landed on a lonely coast and proceeded to make a fire. There being no stone on the stormy beach on which to rest their cooking utensils, a few lumps of soda salt from their cargo were utilized. On leaving they were astonished to find that the salt had turned into a glossy shapeless mass owing to the fusing of the soda with certain elements in the sand. That is how the first glass was made.

Glass making was practised by the Egyptians, Greeks and Romans. It was not introduced into this country until about 1547 when a Venetian name Verzelina started a factory at Crutched Friars, London.

The Huguenots later practised glass making at Stourbridge, and a few specimens of their work may still be found in that district.

The next step was the introduction of plate glass making into Lancashire by some French immigrants about 1660. The work was carried on more or less as a cottage industry until the foundation of the British Plate Glass Company in 1771. From time to time small factories sprang up and from them the great industry of modern

plate glass manufacture has grown. Prior to the war, great advances were being made by the glass industry. New types of glass were being constantly introduced on to the market, and considerable ingenuity was exercised regarding the variety of purposes for which glass could be used. The exteriors of some modern buildings were actually faced with glass, and it was quite a common thing to see glass wall linings, floorings and even stairways. Specially strengthened glass was produced which could be put to uses unthought of a few years earlier.

For certain purposes, glass has decided advantages over other materials—it retains its freshness very much longer and can be easily cleaned and polished, with the consequence that normally it is more hygienic. Had the war not intervened, glass would undoubtedly have been utilized on an ever increasing scale in building construction, apart from its traditional uses in windows and mirrors. Greater use of coloured and ornamental glass was also being made to obtain elaborate decorative effects, and some of the modern shop fronts were brilliantly executed.

The most startling development in this direction in pre-war years was the non-reflecting type of window. By clever design, bent glass was fixed in such a manner that it appeared to an observer that the window was devoid of glass. Vision was unimpaired by the reflection on the glass of daylight or sunlight, and a perfect view was obtained of all the items on display. These windows were fast becoming popular, but the war brought development to a halt. Window glass of this type was quite expensive, and in fact much of the special glass in use was more costly than ordinary plate or sheet. As a result, glass insurance became of more importance and the market was becoming very active.

Largely as a result of war developments, glass will probably find keen competitors in materials of plastic and Perspex, but there is plenty of scope for each, and no doubt the day will eventually come when the glass industry is once again able to pursue its vigorous development untrammelled by regulation and restriction.

Although the term "plate glass" is generally used, it is not strictly accurate as practically every kind of fixed glass may be covered against breakage. Owing to the fact that technical insurance knowledge is not required to any great extent, there are many mutual companies throughout the country transacting only this class of insurance and as every composite office issues glass policies it is fairly safe to say there are more companies and associations engaged in this class of business than in any other single section.

Policies are issued for business premises and private residences but the former represent the bulk of the business.

LIABILITY UNDER A PLATE GLASS POLICY

The liability is for breakage only and the insurance does not cover—

(1) Breakage occasioned by or happening through earthquake, war, civil war or kindred risks or in consequence of fire or other causes which can be covered by a fire insurance policy.

(2) Cost of removing and restoring window fittings or other obstructions to replacement of glass.

(3) Damage to frames, fixtures, fittings and partitions.

(4) Interruption or loss of business of any kind during the time intervening between the occurrence of the breakage and the replacement of the glass.

(5) Any loss or damage to other property or injury to persons.

(6) Scratches on the glass.

(7) Glass that is cracked or imperfect at the time the risk is accepted.

(8) Breakage caused wilfully by the insured or with his connivance.

It will be observed that riot and civil commotion are not mentioned above. Some companies include while others exclude breakage caused thereby, but the risk is very generally excluded in respect of risks in Northern Ireland and Eire.

Some policies also include liability for glass feloniously removed, a risk which is somewhat remote and which no doubt any company would include if requested.

The cost of boarding up is included in some policies and not in others.

A proposer at the time of effecting a plate glass insurance must carefully describe in the proposal form all broken, cracked or fractured glass ; this is not insured.

CALCULATION OF PREMIUM

The premiums, with certain exceptions, are calculated on the superficial area in feet of each pane. The term "super" is commonly used, e.g. 50 super means 50 superficial feet.

To ascertain the superficial feet in a pane of glass reduce the measurement to inches, multiplying the height by the width, and divide by 144, this being the number of square inches in a square foot. Printed tables are in general use whereby the area of a plate of any dimensions can readily be ascertained.

The proposal form which asks for full specification of the glass to be insured is in a form such as the following—

GLASS INSURANCE PROPOSAL FORM

1. Name and Address of Proposer in full ..			
2. (a) Address of Premises containing Glass to be insured ..	(a) ..		
(b) Name of Occupier ..	(b) ..		
(c) Trade or Business ..	(c) ..		
3. If occupied solely as a Private House state annual rental ..	£	8. Have the premises been erected or altered during the last twelve months ?	
4. Is the Glass free from cracks and other defects ?		9. What breakages (if any) have occurred during the last twelve months ? ..	
5. Does this Proposal include all the insurable Glass at the premises ? ..		10. Is the Glass insured at present ? If so, with what Company ? ..	
6. Is Lettering or Painting to be insured ? If so, please state value in Col. 9 below. (Premium 5% on value) ..		11. Has any Company : (a) Declined your proposal ? .. (b) Refused renewal of your policy, or increased the premium ? (c) Imposed special conditions ? If so, please give full details ..	
7. Are the premises at a corner or subject to any other extra risk ? ..			

PARTICULARS AND MEASUREMENTS.

(In the case of private Dwelling Houses this Schedule need not be filled up.)

Item No.	No. of Squares	Whether Plate or Sheet, or Plain, Lettered, Stained, Silvered or Ornamented, or bent or special glass	Whether in Front, Return, Door, Fanlight, Counter Case, Shelf, or Mirror, etc., and whether fixed	Size of Squares in ins.		Superficial Feet etc.	Value of			Annual Premium
				H.	W.		Stain'd Glass, Signs, &c.	Lettering and/or Paint'g	Shelf or Special Glass	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	£...	£ ..	£...	...
2
3
4
5
6
7
8
9
10
11
12	£	...

NOTE.—In the event of a Breakage ALL Glass is considered Plain unless the CONTRARY is specially stated in the policy. No Lettering, Embossing, Silvering, or any Ornamental Work is considered insured unless described in the Policy and the additional Premium paid thereon.

I/We hereby declare that the above Statements are true, and agree that this Proposal and Declaration shall form the basis of the contract between me/us and the Company.

Date.....19.. Signature of Proposer.....

The liability of the Company does not commence until the acceptance of the Proposal has been intimated by the Company, or official cover note issued.

The companies use a tabulated list of rates showing the premium required for panes of varying sizes fixed in business premises, and these rates, which are applicable to ordinary $\frac{1}{4}$ in. flat plain plate, are used as a basis for rating other kinds of glass. It should, however, be remembered that there is no tariff, and the premiums and loadings may differ with individual companies.

The student is advised to make himself familiar with the glass premium card in use in his office. It shows the premium required per square of $\frac{1}{4}$ in. plain plate glass for various super contents ranging from 1 to 100 super for which the premiums generally vary from 1d. to 40s. or 50s. No purpose would be served by setting the table out in full in these pages as rates are not standard and are in any case somewhat fluid at the present time. For examination purposes the student is not concerned with premiums except to know how they are calculated, whether as a percentage or lump sum, what additions and extras are charged, and what discounts, bonuses and rebates are allowed.

The minimum premium for which any glass policy is issued is usually 5s.

All glass is insured as plain unless specifically mentioned as being otherwise and lettering or other work on the glass is not covered unless an extra premium has been paid.

The rates for plain plate are used as the basis for calculating rates for other kinds of glass as follows :—

Polished plate	As plain plate rate
Rough Plate	As plain plate rate
Sheet glass	As plain plate rate
Rolled and figured glass	As plain plate rate
Bevelled plate	25% extra
Silvered plate	50% extra
Bent plate	200% extra
Embossed plate	100% extra
Brilliant cut plate	200% extra
Embossed and brilliant cut	400% extra
Shelves and showcases	100% extra
Showcases (airtight)	200% extra
Leaded lights (coloured)	50% extra
Leaded lights (stained)	5% on value
Signs	5% on value
Focus	5% on value
Lettering and painting	5% on value
Lamps	20% on value

Glass that is painted, gilt or in any way ornamented or illuminated is rated in the usual way and 5 per cent on the value of the ornamentation added to the premium.

The insurance of bent plates is considered a hazardous risk owing to the fact that they are far more liable to crack than flat plates. The cost of replacement is approximately double that of an ordinary flat plate and seldom is the salvage of any value. The premium required to insure bent plates is consequently considerably higher than for flat plates and some companies are not prepared to accept insurances of extra large bent plates.

Brilliant cutting being expensive, the premium required to insure such plates is usually at the rate of 5 per cent on the value. Where the cost cannot easily be ascertained, approximately three times the premium for ordinary plate glass is charged, but obviously the rate required varies according to the amount of work on the glass.

In calculating the area, for rating purposes, of a plate having a semi-circular top, the measurement is taken from the highest point.

Lettering, painting, or other decorative work on glass is usually covered for an extra premium of 5 per cent on the declared value of such work.

Oversize plates, i.e. over 100 superficial feet or over 104 in. wide or 160 in. high, are charged for at special rates ; the premium required is much higher, in proportion to size, than that quoted to cover ordinary-sized plate, e.g. the premium to insure two panes of 60 super would be considerably less than for one plate 120 super.

Shelves are considered a hazardous risk as they are movable and in a horizontal position.

The premium for glass in show cases is usually calculated at double ordinary rates on the superficial area of each piece of glass. Counter cases and wall cases are rated in a similar manner. Sometimes, however, risks of this nature are rated at a certain premium per foot run.

The premium for facias or stall plates is usually calculated on the size and value of the glass and the cost of all decorative work upon the glass.

Fanlights are usually charged at the ordinary rates unless the glass is of a special nature.

Where footlights are fixed horizontally, they are not generally accepted but others are accepted at ordinary rates.

Pavement lights are considered a bad risk.

Glass signs and glass tablets are a hazardous risk owing to their exposed position and companies are generally prepared to accept such risks only in conjunction with other glass. The premium is calculated on the value of the glass and the work thereon. Similar considerations apply in the case of outside lamps.

Another hazardous risk is that of lantern lights owing to their exposed position and the risk of breakage of the glass from articles or missiles falling from the roof or upper windows in close proximity,

and they are accordingly specially rated. If the glass is of a special nature such as stained, enamelled or embossed, the cost, and not the size, is often used as a basis for fixing the premium.

Ventilators fixed in windows and lead lights are other risks usually rated on value.

Drapers' establishments often have island windows, round which the public may wander without entering the shop. Glass fixed in these windows is usually insured at ordinary rates but there is an added risk if the plates are not a reasonable height from the ground, as they are liable to be accidentally struck.

There is no stipulation in a glass policy that all glass in the premises must be insured and companies are often requested to cover only glass fixed in the frontage, which includes front plates, returns, door, fanlight and sometimes fascia stallboards and any glass fixed over or under fronts and returns, and sometimes to cover only glass fixed internally.

In such cases, it is usual to place a memorandum on the policy as follows—

“ There is other glass in the premises but not insured by this policy.”

The companies are usually prepared to include a slightly damaged plate in the policy but restrict their liability to insuring the unsound glass against a separate and independent breakage only, thereby excluding any extension of the existing crack or vent. As an example a plate glass front window may have a small crack 3 in. long across one of the corners, and although the plate cannot be termed sound, it in no way interferes with the trader's business or display of goods ; consequently he does not feel disposed to go to the expense or trouble of having a new plate glazed, but desires insurance cover for any more serious damage, necessitating replacement, that may occur from some other cause.

In such circumstances, it is possible for a glazier to mark round the damage from bead to bead with his diamond and then by tapping the glass, complete the fracture, thus preventing the damage from spreading. This is also a useful method of preserving salvage.

It is the general practice for glaziers to treat all fractional parts of inches as full inches, and every irregular shaped pane is charged for as a square having the dimensions of the piece from which it was cut.

A pane of glass is often called a square, but this does not necessarily mean that it is square.

An extra price is required in the case of all difficult shapes for the risk of cutting.

A rabbit is the groove or recess cut out of the edge of the framework to receive a pane of glass, thereby covering up the edges and

holding the plate in place. In measuring glass for insurance purposes it is the usual practice to add half an inch each way for the portion in the rabbet.

No glass is considered as insured until it is all fully and securely fixed and glazed in perfect condition and in the positions stated in the schedule of the policy. Companies do not charge any additional premium for insuring glass replaced consequent upon a claim ; this is in accordance with the accident practice as opposed to that prevailing in fire and burglary business.

When stained or coloured glass in windows of churches and similar buildings is insured it is usually stipulated that the glass shall be protected on the outside by wire guards. The premiums are calculated on value. Claims are often a very costly matter.

In the case of multiple shops or when the amount of glass to be insured is extensive, the details of the glass are not specified in the policy but a wording is used on the following lines—

“ This policy covers the whole of the glass plain, bent, bevelled, embossed, painted, decorated, silvered or otherwise in the front windows, returns, transomes, doorways, showcases, pilasters, signs, facias and stall plates inclusive of all lettering thereon fixed in the under-noted premises.”

These policies are sometimes termed clause policies.

A company requested to cover glass in a large number of shops situated in various parts of the country would probably survey, say ten of the largest and, say, ten of the smallest shops and by this means fix the premium for the whole.

It is a very general practice for the companies to measure the glass for proposers ; this enables them to survey the risk but it entails a lot of work and places considerable responsibility on the company. Very often the companies obtain assistance from their glaziers in this connection, the service being offered by the glaziers with a view to obtaining orders for replacements.

It is not usual to measure the glass in private houses, the cover granted being in respect of all glass whether plain or ornamental fixed in windows, doors and fanlights (conservatories, greenhouses and verandas excepted) the premium being fixed either on the number of rooms or upon the annual rent. Neither is an altogether satisfactory method of arriving at a premium as the house may contain only a few large rooms with many large windows or alternatively a number of small rooms with comparatively little fixed glass, and further there is a considerable difference in the rents according to neighbourhood. The business in this section is however not of any great volume and it would not be practicable for the companies to survey each risk.

When rating according to the number of rooms the usual charge is 9d. per room, and every room in which any glass is fixed in doors, windows and fanlights must be taken into account. The minimum premium is usually 5s.

The approximate premiums charged on the rent basis are—

Rent not exceeding	£45	.	.	Annual premium	5s.
„	„	„	55	„	6s.
„	„	„	65	„	7s.
„	„	„	75	„	8s.
„	„	„	100	„	10s. 6d.

It will be borne in mind that these are not necessarily the present-day rates.

An extra premium of approximately 33½ per cent is charged to cover glass fixed in wardrobes, over-mantels, cabinets, mirrors, sideboards, bookcases and dressing tables.

The householders comprehensive policy for contents includes the risk of breakage of mirrors (including hand mirrors).

PLATE GLASS INSURANCE POLICY

Whereas the Insured named in the Schedule below carrying on the business mentioned therein and no other for the purpose of this Insurance has by a Proposal and Declaration dated as stated in the said Schedule which Proposal and Declaration it is hereby agreed shall be the basis of this Contract and be considered as incorporated herein applied to the INSURANCE COMPANY LIMITED hereinafter called the Company for the Insurance hereinafter contained for the period stated in the Schedule hereto and in consideration of the Insured having paid or agreed to pay to the Company the sum shown as the first premium for or on account of such Insurance

Now this Policy witnesseth that:—

If during the said period or during any period for which the Company may agree to accept a renewal premium there shall be a breakage (which for the purpose of this policy shall not include damage by scratches) of any of the glass mentioned in the Schedule below not occasioned by or happening through:—

1. Fire and Explosion.
2. War, Invasion, Act of Foreign Enemy, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Insurrection or Military or Usurped Power.
3. Riot or Civil Commotion in Ireland or Northern Ireland.

The Company will pay or make good to the Insured the intrinsic value thereof together with the cost of any necessary boarding-up pending replacement subject to any limit specified in the Schedule.

Provided that the Company will not be liable for any misdescription of the glass insured and that unless expressly stated in the Schedule below all glass shall be considered plain and of ordinary glazing quality and without Embossing, Silvering, Lettering, Bending or Ornamental work of any kind. Further that the Company shall not be responsible for breakage of any lettering mentioned below unless such breakage be caused by or consequent upon the breakage of the glass to which it is affixed.

Provided further that the due observance and fulfilment of the Conditions contained herein or endorsed hereon shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insurer to recover hereunder.

SCHEDULE

POLICY NO.		NAME AND ADDRESS } OF INSURED			
DATE OF PROPOSAL AND DECLARATION		GLASS SITUATE IN PREMISES AT:—			
Form No.		BUSINESS CARRIED ON THEREIN :—			
AGENCY		PERIOD OF INSURANCE	ANNUAL PREMIUM	FIRST PREMIUM	
FOLIO		Commencing Expiring at } 4 p.m. on }			
Item No.	No. of Squares	Description of Glass	Position of Glass	Size of each Square in inches H't W'th	Limit of Value (if any)

In Witness whereof this Policy has been signed this ..

.....
Accident Manager.

CONDITIONS

1.—Every notice or communication to be given or made under this Policy shall be delivered in writing at the Head Office or any Branch Office of the Company.

2.—Unless otherwise expressly stated in the Policy, the liability of the Company does not extend to :—

(a) Frames or framework of any description.

(b) The removal or replacement of any fittings or fixtures, in order to replace glass.

3.—All the Glass described by this Policy is insured only so long as it is fixed. If there be any alteration of the premises, or in the tenancy, sub-tenancy, occupancy of, or business carried on in the buildings containing the Glass described in this Policy, or if the premises should become void or disused, then and in every such case the same must be immediately notified to the Company and if the risk is increased the Company shall have the option of charging a suitable extra premium or of refusing to continue the Insurance.

4.—In case of breakage of any of the Glass herein mentioned, the Insured shall give immediate notice thereof in writing to the Head Office or any Branch Office of the Company ; and shall furnish the particulars of such breakage and how sustained, and make proof of the same by the production of such evidence as the Company may reasonably require; and, if no claim shall be made within fifteen days from the happening of such breakage, the insured shall be excluded from all right to recover under this Policy.

5.—All salvage glass shall be the property of the Company, and must be carefully preserved, and it shall be at the option of the Company either to pay to the Insured the amount of the intrinsic value in money or to make replacement with glass of a similar manufacture and quality. The Company shall in respect of anything insured under this Policy be entitled to use the name of the Insured, including the bringing, defending, enforcing or settling of legal proceedings for the benefit of the Company.

6.—This Policy ceases to be in force as to any property which shall pass from the Insured to any other person otherwise than by Will or operation of Law, unless notice thereof be given to the Company, and the subsistence of the Insurance in favour of such other person be declared by a memorandum endorsed hereon by or on behalf of the Company.

7.—If at the time of the happening of any breakage covered by this Policy there shall be any other insurance covering the same risk, whether effected by the Insured or not, then the Company shall not be liable to contribute more than its rateable proportion of any payment in respect of such breakage.

8.—The Company may, by notice in writing to the Insured, under registered letter to his last known address, cancel this Policy at any time, paying on demand a proportion of the premium corresponding to the unexpired period of the Policy.

9.—All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or, in case the Arbitrators do not agree, of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings, and the making of an Award shall be a condition precedent to any right of action against the Company. After the expiration of one year after any breakage the Company shall not be liable in respect of any claim therefor unless such claims shall in the meantime have been referred to arbitration.

Glass in conservatories, greenhouses, verandas, studios, and outbuildings is generally considered an uninsurable risk.

Florists and nurserymen can include their glass in a hailstorm policy.

The business is not tariff and there is therefore no standard form of policy. There is, however, very little variation in essentials in the forms used by the companies. On page 13 is a copy of that used by one of the leading companies. It will be observed that the cover includes the cost of boarding up, a risk not included in all policies.

CLAIMS

When a breakage is reported it is the practice to issue a claim form but as it is essential in many cases to replace the glass without delay so as to prevent interruption of business, the companies usually proceed in normal times without waiting for the return of the claim form and many companies insert an undertaking in the claim form in the following words—

“ To avoid delay in instructing glaziers I agree that if it is found that the glass is not covered by the policy I will reimburse to the company the amount of the cost of such replacement.”

At the present time there is a further formality to be complied with.

The claim form is on the following lines—

1. Name	Policy No.
Address .. .	
Address where Breakage occurred ..	
2. Cause of Breakage .. (State as fully as possible.)	
3. If caused by a person NOT in your service state name and full address ..	
4. Names and Addresses of any Witnesses	
5. Are you claiming as tenant or owner ?	
6. Are premises at present occupied ? ..	
7. State if immediate replacement is desired or whether you would prefer to have a Guarantee to effect replacement at your convenience	

8. PARTICULARS OF BREAKAGE

Date of Breakage				Number of Squares	Whether Window, Door, etc.	Kind of Glass broken	Sizes in ins.		Whether Cracked or Broken out
Day	M'th	Year	Time				H't	W'th	

I/We declare the above statements to be true.

Date 19 . . . Signature

Under The Control of Building Operations (No. 12) Order, 1948, no work on any of the building operations detailed below may be undertaken without licence if its total cost together with the cost of any previous work done on the same property since the 1st July last exceeds a certain maximum, that amount of which depends upon the type of property.

For this reason companies are unable to authorize replacement until they have the following certificate. Accurate information is essential as anyone infringing the order commits an offence.

CERTIFICATE

I/WE hereby certify that the **total** cost since the 1st July last of all work on construction, reconstruction, alteration, demolition, repair (including repair of war damage), decoration, redecoration, or maintenance of the property situated

is £ (to nearest pound) and the purpose for which the building is used is

.....

Signature

Address

Date

The companies deal with claims by one or other of the following methods—

(1) Pay to the insured the current cost of replacing the glass (less the value of the salvage if any) or the declared value of the same should such be specified in the policy.

(2) Replace with glass of a similar description and quality. All glass is considered flat and plain and of ordinary glazing quality and thickness unless otherwise described in the policy and no bevelling, embossing, lettering, painting, silvering or other design or work of any kind is deemed to be insured unless it is specifically described in the policy.

Glass may be damaged from numerous causes, the chief being negligence of employees, stones thrown up by passing vehicles, children throwing missiles, subsidence of building, gales, sudden changes in temperature, and breakages caused by vehicles mounting the pavement, street brawls, etc.

The companies reserve the right by the terms of the policy to use the name of the insured in any endeavour to recover the cost of the replacement. Damage caused by vehicles is very generally dealt with under claims agreements.

Cases where the damage is caused by stones thrown up by passing vehicles present more difficulty and there is little hope of recovery unless it can be proved that road repair or other work was being carried on adjacent to the premises, and there was negligence on the part of the contractors in not properly guarding their work or material.

Children throwing stones or other missiles are responsible for a number of breakages, particularly when the glass is in close proximity to a school, and generally it is useless for a company to seek recovery, as the child has no property, and the parents are not liable at law, although they sometimes feel a moral responsibility and meet the claim to a certain extent.

It is not usual for the companies to hold an employee of the insured responsible for any breakage whether caused through negligence or otherwise.

The position generally is that the same considerations apply *mutatis mutandis* as in other cases where a company is subrogated to the insured's right of recovery.

Some companies have their own glazing department while others employ glaziers who specialize in insurance work. It is customary for glaziers on completing a job, to obtain a satisfaction note as shown below, which they attach to their invoice to the company.

CERTIFICATE OF SATISFACTORY REPLACEMENT

I HEREBY CERTIFY that the replacement of Glass insured under Policy G..... of the INSURANCE COMPANY LIMITED, has been effected to my entire satisfaction.

Glazier's Name }	Signature of Insured }
Address	Address

All the salvage is the property of the company but unless it is flat plain plate usually not less than 8 super feet, no allowance is made for it by the glaziers, and seldom if ever is any allowance made for salvage from bent plates, sheet or similar thin glass.

The glaziers have their association which fixes a tariff of prices for glass, but the companies, being large customers, naturally enjoy the most favourable terms available.

If, during the period of insurance, a plate is cracked from a cause insured against and the insured for his own reasons does not desire immediate replacement, or if an insured square is only slightly cracked or fractured and the insured does not wish a new plate glazed unless the damage extends, the companies usually issue a signed undertaking (or guarantee as it is termed) promising to replace the damaged glass at any future time when called upon to do so.

The following is a specimen wording of such guarantee—

Insurance Company Ltd.,
.....19

Dear Sir,

..... Policy No.

Referring to your claim herein we hereby undertake in accordance with the provisions of the above policy to replace the broken square of glass measuring..... fixed in the of the premises situate . . . at any future time when called upon to do so.

Yours faithfully,

Accident Manager.

When the breakage has occurred during civil disturbances it must be remembered that the Riot (Damages) Act, 1886, provides that if a house, shop or building in any Police District has been injured or destroyed or the property therein has been injured, stolen or destroyed by any persons riotously or tumultuously assembled together, compensation shall be payable out of the Police rate to the person who suffered the loss, provided he was not a party to the riot or accessory to it, and provided also that he had not by his conduct incited the riot.

Where the person who sustained damage has made a claim upon his insurance company, he will have no claim under the Act against the local authority except for any balance of loss uncovered by the insurance. This, however, does not relieve the local authority, for although the insured person can only claim for the uncovered balance of the loss his insurers are entitled to be compensated for the amount paid by them by way of indemnity and in such case the policy must continue in force as if no payment had been made. The word "riot" is not defined in the Act, but it would doubtless have the meaning assigned to it in *Field v. Receiver of Metropolitan Police*, [1907] 2 K.B. 853.

GLOSSARY OF TERMS

Antique venetian	A very beautiful and artistic glass used principally for leaded lights but also effective for small panes in door panels, etc. It is made in about eight tints, the largest size being approximately 24 in. by 15 in. It is about 26 oz. substance.
Arissing edges	The process of roughly taking off the sharp edges of glass often employed in the making of plate glass shelves.
Armoured plate glass	Ordinary plate glass subjected to a patented toughening process. Very strong and has more resistance to changes in temperature than plate glass.
Bent plates	In the glass trade the different kinds of bend are known by the alphabetical letters A to U inclusive (excluding I).
Bevelling	Plain and silvered glass is bevelled as an embellishment and the bevel may vary by eighths of an inch from $\frac{1}{8}$ in. to 3 in. in width.
Black glass	Has one surface ground and polished and is used extensively for shop fronts, etc. Can be obtained with both surfaces polished. Made in various thicknesses from $\frac{5}{16}$ in. to 1 in. Toughened black glass is also obtainable in thicknesses from $\frac{5}{16}$ in. to $\frac{1}{2}$ in.

Bricks	Made of glass in various sizes. Diffuse the light and owing to partial vacuum inside each brick they have good insulating properties. Suitable for hospitals, schools and similar buildings.
Brilliant cutting	This work can be put upon sheet, coloured sheet and plate glass (the latter is the most suitable) and is used principally for front door panels, screens, fronts, partitions, etc., and to a considerable extent in licensed premises. Brilliant cutting is usually done on obscured ground and is very effective in conjunction with embossed and French embossed work. Brilliant cutting is expensive.
Cheval glass	A mirror swinging in a frame and large enough to reflect the full length figure.
Coloured sheet glass	This glass is made in many colours, those mostly in use being ruby-flashed, blue-flashed, blue-pot, green-flashed, green-pot, signal-green, purple, yellow-pot and pot and flashed amber. Fifteen-ounce substance is generally used but some colours are also made in 21 oz. glass. Sizes generally manufactured up to about 54 in. by 34 in. Coloured sheet glass is much used for advertisement tablet and lamp work.
Embossing	There are many different ways of embossing glass by varying the number and kinds of acids used. Double embossing, French embossing, satin embossing and embossing in combination with brilliant cutting are much used on account of artistic effect.
Enamelled sheet	Used for sashes, partitions, screens, etc., and is made in 15 oz. and 21 oz. substances. Usual stock size up to about 54 in. by 36 in.
Facia	A plate or tablet over the front of a shop, bearing the name of the trader, etc.
Fanlight	Originally the term designated a semi-circular window with radiating sashbars like the ribs of a fan placed over a door or window, but it is now used to denote any window placed over a door or window. Sheet glass is usually glazed in opening fanlights as plate would be too heavy.
Figured rolled	This glass is well suited from its bright and attractive appearance for the glazing of windows, door panels, screens, partitions and for all positions where an opaque glass is required. It is also used to a considerable extent in the making of leaded lights. The usual size made is 100/110 in. by 36/40 in. and of $\frac{3}{8}$ in. thickness, but can be obtained $\frac{3}{16}$ in. and $\frac{1}{4}$ in. thick. There are between thirty and forty patterns of figured rolled glass, which can all be obtained in coloured tints.

Flashed	When used in reference to coloured glass such as green, "flashed" means that the colour is on the surface and not all the way through.
Fluted sheet	Generally used for silvering for reflector purposes and lamp work. It is made in 15, 21, 26 and 32 oz. substances and the flute in English glass is about $\frac{1}{4}$ in. Foreign glass is made in various sized flutes. Usual size manufactured is 54 in. by 34 in. but larger sizes are supplied at special prices.
French embossing	French acid embossing on clear polished plate is used for hearses, funeral cars, etc.
Georgian wired glass	Wired glass with a square mesh wire is superior in appearance to ordinary wired glass.
Island windows	Usually seen outside drapers' establishments; they allow the public to walk around without entering the shop.
Lantern light	An open structure of light material set upon a roof to give light and air to the interior. Sheet glass, principally, is used in lantern lights.
Leaded lights	These comprise small pieces of glass of various kinds fixed in lead comes to form a design. Steel-cored leads are now generally used in place of the old fashioned saddle bars and ties to prevent bulging and buckling. There are three kinds of lead comes, flat, beaded and round.
Marmorite	Similar to vitrolite but of foreign manufacture.
Muffled sheet	A bright attractive form of fancy glass which is much used for all purposes where an opaque glass is required for windows, partitions, etc. It is also used in the manufacture of leaded lights. Sizes made average 42 in. by 32 in. to 54 in. by 38 in. and the former size in a great number of tints.
Opal sheet	Is largely used for lamps and for panelling walls and ceilings of restaurants, dairies, etc. It is also used for tablet and sign plates when worked by sand blast process and painted. Made in 15 oz., 21 oz. and 26 oz. substances.
Pilaster	An upright architectural member, rectangular in plan, structurally a pier but architecturally treated as a column with capital shaft and base. Pilasters in shops, showrooms and the like are often completely covered by long narrow squares of silvered plate or coloured Vitrolite.
Polished Plate glass	This is used extensively for glazing shop windows and the like, the usual thickness being $\frac{1}{4}$ in. and weight approximately 4 lb. per square foot. Extra large plates are often of $\frac{3}{8}$ in. substance.

	<p>Polished plate is also made $\frac{1}{8}$ in. thick and is used for pictures, photo negatives, etc., and $\frac{1}{16}$ in. plate is particularly suitable for casements, bookcase doors and sashes requiring a thin glass.</p> <p>A special thick plate glass is manufactured from $\frac{1}{8}$ in. to 1 in. and even up to $1\frac{1}{2}$ in. and is used for shelves, aquarium work and deck lights.</p> <p>Plate glass is more durable, stronger and more brilliant than sheet glass and also reflects better.</p>
Pot	This term, when used in reference to coloured glass (e.g. green-pot) means that the colour is all the way through and not merely on the surface.
Prismatic rolled glass	This glass is used where the maximum amount of light is required in dark rooms, cellars and passages. It is manufactured in three different angles designed to suit the varying lighting requirements of the building in which it is to be used. The glass is glazed with the ribs running horizontally and the prisms pointing upwards inside the room. Made in $\frac{1}{4}$ in. substance and sizes up to 60 in. by 100 in. the ribs running the 100 in. way.
Rabbet	The groove or recess cut out of the edge of the frame-work to receive a pane of glass thereby covering up the edges and holding the plate in place. In measuring glass for insurance purposes it is the usual practice to add $\frac{1}{8}$ in. each way for the portion in the rabbet.
Rebate	See Rabbet.
Return	The term refers to a shop window in a doorway continuing at an angle from the front window to the door.
Rough cast	This glass is used to a considerable extent for railway sheds, public buildings, factories, skylights, offices and other purposes, where the object is to intercept the vision but not the light. Made in $\frac{3}{8}$ in. $\frac{1}{2}$ in. and $\frac{3}{4}$ in. thicknesses.
Rough plate (thick)	This glass is from $\frac{1}{8}$ in. to 1 in. thick and is used for floor lights, still boards, footlights, skylights, etc. If required this glass can be ground on one or both sides or sand blasted in order to render it non-transparent.
Sand blasting	An ornamental process of work on glass giving a brilliant and artistic design, used for door panels, screens, window enclosures, partitions, lettered lamp squares, etc.
Sash	The framing in which panes of glass are set in a glazed window or door including the narrow bars between panes.
Sheet glass	<p>Made in six different thicknesses as follows—</p> <p>18 oz. to the foot $\frac{1}{16}$ in. thick.</p> <p>24 oz. to the foot $\frac{1}{8}$ in. thick.</p> <p>26 oz. to the foot $\frac{1}{4}$ in. thick.</p> <p>32 oz. to the foot $\frac{1}{2}$ in. thick.</p>

Shelves	Glass shelves may be either straight, shaped, circular, oval or with half circle ends. The edges may be either flat, rounded, ground, polished or bevelled.
Skylight	A window in a roof, ceiling or the like for admitting light from above.
Soffit	Glass in soffit or ceiling of lobby leading to the entrance of a shop is generally of silvered plate.
Stall plate	Usually a long narrow strip of painted and lettered glass, often in sections fixed in a wooden frame underneath a shop front, the whole being either fixed or movable. A stall plate is somewhat similar to a fascia but generally much narrower.
Toughened glass	Types of glass other than plate subjected to a process which gives them similar properties to armoured plate glass.
Transom	A horizontal crossbar in a window over a door or between a door and a window above it. In Plate Glass insurance a pane above the crossbar is spoken of as fixed in transom and may be of similar glass to that in frontage or a fancy glass, or in some cases leaded lights, etc.
Triplex glass	A safety glass used extensively for wind-screen and windows in motor cars. Made on the same principle as three-ply wood.
Ventilators (louvers)	Usually fitted in the top of windows or over doors and consists of plate glass, the edges being rounded and polished and fixed in metal frames (brass or zinc) with levers for opening and closing.
Ventilators (circular glass)	Used for ventilating offices, shops, hotels, rooms, etc., and consists of a circular piece of glass (sheet or plate) from 4 in. to 10 in. diameter and operated by means of a cord. These ventilators can be fixed without the removal of the window from its position.
Vita glass	Admits the ultra-violet rays of the sun. Obtainable in plate, sheet, Georgian wired and Cathedral.
Vitroflex	Mirror or coloured opaque glass mounted on fabric and cut checkerwise. Suitable for covering pillars, ceilings, etc.
Vitrolite	An opaque glass suitable for walls, tabletops, etc. Made in black, white and various other colours.
Wired glass	Made in $\frac{1}{4}$ in. polished plate, cast and Arctic glass. Has hexagonal wire netting embedded which prevents the pieces falling out when broken (See Georgian wired).

CHAPTER III

HAILSTORM INSURANCE

THE insurance of agricultural crops against damage by hail is a class of business that is not very general in this country. It receives much more attention on the Continent and there are a number of small companies and mutual associations solely transacting the business in many European countries.

It is difficult business to write and it is impossible to judge results except on the basis of several years' experience. There may be a big profit for several years running, and then comes a year which results in a heavy loss. On the whole it can hardly be regarded as a profitable class and it is very troublesome to manage.

Farmers are a very conservative class. In some districts they seem to follow one another's lead, and a good deal of business is done; in other parts of the country no one effects such a policy. A year when a disastrous storm sweeps the district will bring about a big influx of business; a fine year follows and practically no insurances are effected—the business ebbs and flows.

The policy covers loss of or damage to crops, as enumerated, by hail. It does not cover damage by wind, water or other weather causes. The schedule of crops specifies the acreage of each and the total acreage of each crop should be insured. If one field or part of a field only is insured the name of the field and exact acreage must be stated in the proposal so as readily to identify the position insured.

The wording of the proposal form is as shown below. A separate form is required for each farm. A form of policy is given on page 26.

Notice in writing must be given to the company of any other insurance on the crops proposed for insurance, and the company will in such case pay its rateable proportion only of any loss.

CLAIMS

The following rules must be observed in respect of Notice of Loss—

(a) Notice must be given to the company within four days after damage has been sustained.

(b) The notice must be in writing through the Post Office and must state—

- (i) Day and time damage occurred.
- (ii) Extent of the damage so far as possible.
- (iii) Policy number.

INSURANCE COMPANY LIMITED
HAIL INSURANCE PROPOSAL FORM

I, _____ of _____ in the County of _____ hereby propose to insure with the INSURANCE COMPANY LIMITED against damage by Hail, subject to the usual conditions of the Policies of the Company, the following Crops growing or to be grown on my Farm, situate in the Parish of _____ in the County of _____ known by the name of _____ and being the only Farm so situate in which I am interested.

QUESTIONS

1. Are you the sole owner of the property proposed to be insured ?

To be answered in the case of New Proposers Only

2. Have you ever suffered loss from Hail ?
 If so, state the year or years, and to what extent
3. Have you ever proposed for Hail insurance ?
 If so, name the Company
4. Has any such proposal been declined or withdrawn ?

SCHEDULE OF CROPS PROPOSED FOR INSURANCE

Description of Crops (See notes below)	Value (See notes below)	No. of Acres

The quantity of each of the above Crops forms the entire acreage of that particular description grown by me.

None of the Crops proposed has already been damaged by hail.

Date..... 194... Signature of Proposer.....

- RATES** .. Parts of acres are charged at not less than 3d. and the minimum premium for any policy is 5s.
- VALUE** .. The value to be stated is the value per weight or measure as shown on the Schedule of Rates.
- SUGAR BEET** . The liability in respect of damage to Sugar Beet shall not commence until the Crop has been finally singled out.
- STRAW** .. Straw is not included in the insurance unless expressly named, and the requisite premium paid.
- PEAS** .. The names of Peas should be stated, except in the case of Peas to be pulled green.
 Peas grown by professional pea growers on land other than their own must be proposed specially and rated accordingly.
- SEED POTATOES** The names of Seed Potatoes should be stated.

HAIL INSURANCE POLICY

WHEREAS
 in the County of (hereinafter called the Insured)
 having paid to the INSURANCE COMPANY LIMITED (hereinafter called the Com-
 pany) the sum of as a premium or consideration for
 insuring against damage by Hail, the crops hereinafter mentioned, now growing
 on Farm called situate in the Parish
 of in the County of, being
 the only Farm so situate in which interested, and until the same
 shall be harvested: the Company will pay or make good to the Insured (subject
 to the conditions on the back hereof) all such damage as shall happen by Hail to
 the several Crops hereunder specified.

IN WITNESS WHEREOF, this Policy has been signed this
 day of 194 . . .

Accident Manager.

It is warranted that the undermentioned Crops have received no Injury by Hail up to the
 date of the Proposal for this Insurance.

It is warranted that all Crops mentioned in the following Schedule are the sole property of
 the Insured and that no other person or firm has any direct or indirect interest therein.

Description of Crop	No. of Acres	Total Premium	Description of Crop	No. of Acres	Total Premium
Wheat Not to be deemed of greater value than.....per cwt.			Forward Turnips, green		
Barley Not to be deemed of greater value than.....per cwt.			Vetches/or Tares, green		
Barley Not to be deemed of greater value than.....per cwt.			Vetches or Tares, for seed		
Oats Not to be deemed of greater value than.....per cwt.			Rye-Grass, green		
Rye Not to be deemed of greater value than.....per cwt.			Clover, green		
Peas, to be harvested Not to be deemed of greater value than.....per cwt.			Potatoes, for consumption		
Peas, to be pulled green Not to be deemed of greater value than....per bag of 40 lb.				
Beans, Spring or Winter only Not to be deemed of greater value than.....per cwt.				
£			£		

The CONDITIONS referred to in this Policy are as follow :

1. This Insurance is granted on the understanding that the quantity of each Crop herein enumerated forms the entire acreage of that particular description grown by the Insured, unless otherwise stated on the proposal at the time it is made ; but when only a portion of any kind of Crop is intended to be insured, each field or part of field containing the same must be specially described, and the name or names of the fields given, and the exact acreage grown stated, in order that the insured portion may be readily identified. In cases of omission or misrepresentation, this Company shall not be liable for damage by Hail to any such Crops.

2. Whenever any Crops insured hereby are insured against Hail elsewhere, notice in writing must forthwith be given to the Company, and admitted by endorsement on the Policy, previous to any damage being sustained by Hail ; and, in case of damage, this Company shall only be liable to pay a rateable proportion thereof. Failing such notice and endorsement, this Company shall not be liable for any damage whatever.

3. The Insured shall, WITHIN FOUR DAYS after sustaining any damage by Hail to any Crop insured with this Company, give notice thereof, in writing, through the Post Office, addressed to the Company, stating the day and time when such damage occurred, each kind of Crop damaged, as far as possible the extent of the damage, and the number of the Policy under which the claim is made ; and in case of omission to give such notice, the Company shall not be liable for the damage sustained.

4. After notice of damage is received, the Company will send a Valuer to assess the same ; but if the Valuer and the Insured cannot agree upon the amount of damage, it shall be imperative upon the Insured, within seven days of the Valuer leaving the same open, to deliver full particulars of the claim, in writing, showing the quantity of each damaged Crop grown, the quantity of such Crop insured, the quantity damaged, and the claim per acre ; such particulars to be sent by post, addressed to the Company, as above. This being omitted, or, in case of fraudulent or wilful false statement in the claim, the Insured shall forfeit all benefit under this Policy, and this Company shall be wholly discharged from all liability on account of such damage.

5. All differences respecting the claim for damage, to be submitted to the arbitration of two persons, one to be chosen by the Company and the other by the Insured, whose award, or that of their Umpire (to be chosen before they proceed to adjudicate) shall be conclusive and binding on all parties, and may be made a Rule of Court. The appointment of such Umpire to be by lot from three persons admitted by both the Arbitrators to be competent to assess losses occasioned by Hail storms ; and if the person so appointed shall refuse to act as Umpire, a like course of appointment shall be continued until an Umpire has been appointed who will act. The Insured refusing to go to arbitration as here provided, AFTER TEN DAYS' NOTICE IN WRITING, shall not have any claim upon this Company for compensation.

6. Should any damage occur previous to the 15th day of June in any year, it shall not be imperative upon the Company to proceed to valuation before the 15th day of July then ensuing, and the Company reserve to themselves the right of deferring, at their option, the adjustment and settlement of losses on any kind of potatoes or sugar beet until the crop damaged has been harvested.

7. In case the Company shall think it necessary to give notice to the Insured to keep separate and apart the Crop damaged, it shall be imperative upon the Insured to do so ; and when threshed (which must be within three months of harvesting) to declare the amount of produce thereof per acre.

8. The Crops intended to be insured must have received no injury by Hail previous to the original or any renewed proposal for insuring the same.

9. The Company shall not be liable for any loss occurring to Crops previous to the Proposal being received at the office of the Company (and the person taking the Proposal shall be considered for this purpose the Agent of the Insured), nor prior to the full amount of the Premium being paid ; and no mere payment of any deposit or premium shall suffice to keep on foot or renew any insurance until the official Receipt shall have been given for the same, or a notification from the Office of the Company have been received accepting the Insurance, the Company reserving the right to decline any proposal.

10. SPECIAL CONDITION. Compensation shall not exceed in any circumstances the limit of value upon which the premium has been paid and in all cases shall be based on the average market prices in the neighbourhood on the day of the damage except in cases where crops are grown under contract or a price is fixed by Government when the compensation shall be limited to such contract or Government price.

Garden Fancy and Special Crops shall be compensated for only at rates not exceeding the average market prices of ordinary farm produce of a like species, unless such Crops are specially insured and particularly described in the Policy.

CAUTION TO THE INSURED

In every case of Claim for Damage by Hail, notice must be sent direct to the Office of the Company at the address shown hereon within the time specified in the third condition above-mentioned. Notice given to any local Agent will not be held by the Company as compliance with said condition.

Straw is not included in this Insurance, unless expressly named, and the requisite premium paid for same.

The company will send a valuer to assess the loss, and if the insured and valuer do not agree, the insured must send in writing through the Post Office, detailed particulars of his loss to the company within seven days of the disagreement.

All differences shall be submitted to the arbitration of two persons, one the nominee of the insured and the other the nominee of the company, who shall before proceeding to adjudicate appoint an umpire. If the insured shall refuse to go to arbitration after ten days' notice in writing he shall forfeit his right of compensation.

The company may defer the valuation of any crop damaged before the 15th June in any one year until the 15th July following, and in the case of potatoes or sugar beet may defer the adjustment of the loss until the damaged crop has been harvested.

The company may require the insured in respect of the crop damaged to—

(a) Keep it separate and apart.

(b) When threshed (which must be within three months of harvesting) declare the amount of produce per acre.

Crops proposed for insurance must not have suffered previous hail damage.

Until official intimation of acceptance of a proposal has been received from an office of the company no liability shall attach, and any person taking the proposal shall for this purpose be considered the agent of the insured only.

Compensation shall not exceed in any circumstances the limit of value upon which the premium has been paid and in all cases shall be based on the average market prices in the neighbourhood on the day of the damage except in cases where crops are grown under contract or a price is fixed by Government when the compensation shall be limited to such contract or Government price.

Notice of loss must be sent direct to the office of the company, at the address shown on the policy and notice given to any agent will not be held to be compliance with that condition.

CALCULATION OF PREMIUM

For the purposes of rating, the parishes of the country are classified and the classification used by one of the leading companies is given on page 29.

The rates are fixed annually and the schedule on page 30 is inserted merely as a guide.

The risk of damage by hailstorm to greenhouses and plants belonging to florists can also be covered. The rate for the glass is calculated per square foot of glass.

CLASSIFICATION OF PARISHES

CLASS OF PARISH			RATE PER ACRE *
Class I.	—All parishes not included in Classes II and III below ..		Basis rate
Class II.	—All parishes in Cambridgeshire and Lincolnshire not included in Class III below		150% of Basis rate
Class III.	—All parishes listed below		200% of Basis rate
<i>* See Schedule of rates for current season.</i>			
BEDFORDSHIRE	Branston	Stanton-le-Vale	SUFFOLK
The Whole of the	Brigg	Sturton-by-Scawby	Syleham
County of Bedford	Brocklesby	Sutton Bridge	Weybread
	Broughton	Sutton, Long	Wingfield
CAMBRIDGESHIRE	Burnham	Sutton St. Edmunds	Wortham
Bourne	Cabourne	Sutton St. James	
Caxton	Caistor	Swallow	
Connington	Caythorpe Heath	Swinhope	
Elsworth	Clixby	Thoresway	WILTSHIRE
Tydd St. Giles	Cowbit	Thorganby	The Whole of
	Cranwell	Thornton Curtis	North Wilts.
	Crowland	Tydd St. Mary	
ESSEX	Croxton	Ulceby	
Ashen	Dawsmere	Walesby	YORKSHIRE
Belchamp St. Paul	Deeping St. Nicholas	Weston	Airmyn
Belchamp Walter	Elsham	Whaplode	Barlow
Birdbrook	Fernby, S.	Wingland	Beal
Castle Hedingham	Fleet	Wootton	Birkin
Gestingthorpe	Frieston Heath	Worlaby	Brayton
Maplestead	Fulbeck Heath	Wrawby	Brotherton
Ovington	Gedney		Burn
Ridgewell	Grasby	NORFOLK	Burton Salmon
Sible Hedingham	Holbeach	Barmer	Camblesforth
Stambourne	Holdingham	Barwick	Carlton
Tilbury with Clare	Horkstow	Brockdish	Chapel Haddesley
Toppesfield	Howsham	Castle Acre	Drax
Twinstead	Irby-on-Humber	Clenchwarton	Eggbro
Wickham St. Paul	Keelby	Earsham	Gateforth
Yeldham	Kirmington	Harleston	Goole
	Kirmond-le-Mire	Harpley	Goole Fields
GLOUCESTERSHIRE	Leasingham	Houghton	Gowdall
The Whole of the	Limber	Magdalen	Haddesley, W.
County of Gloucester	Long Sutton	Massingham, Great	Hambleton
	Lutton	Massingham, Little	Heck
HERTFORDSHIRE	Melton Ross	Nordelph	Henshall
Weston	Moulton	Redenhall	Hilliam
Newnham	Normanby-le-Wold	Rudham, E.	Hirst Courtney
	Normanton Heath	Rudham, W.	Hook
HUNTINGDONSHIRE	Owmby	Starston	Kellington
The Whole of the	Pinchbeck	Syderstone	Milford, South
County of Huntingdon	Postland	Terrington,	Monk Fryston
	Potter Hanworth	St. Clements	Newland
	Fen	Terrington, St. John	Pollington
LINCOLNSHIRE	Rauceby, N. and S.	Tilney All Saints	Rawcliffe
Amcotts	Rixby	Tilney St. Lawrence	Selby
Barnetby-le-Wold	Saxby All Saints	Walpole St. Andrews	Sherburn-in-Elmet
Barrow	Scawby	Walpole, St. Peter	Snaith
Barton	Searby	Walton, W.	Templehirst
Bigby	Sleaford	Weasenham	Thorpe Willoughby
Binbrook	Somerby, near Brigg	Wiggenhall	Whitley Bridge
Bonby	Spalding		

SCHEDULE OF RATES—SEASON 1947

Ordinary Farm Crops			Seed Crops		
	Value per cwt.	Basis Rate per acre.		Value per cwt.	Basis Rate per acre.
WHEAT	18/-	2/3	ALSYKE	200/-	9/-
	19/-*	2/6	CARROT	363/-	82/-
	20/-	2/9	CLOVER RED ..	300/-	27/-
BARLEY	22/6	2/9	CLOVER WHITE ..	350/-	31/3
	25/3	3/3			
	16/6	2/6	KOHL RABI ..	262/6	55/-
OATS	17/4*	2/9	LINSEED	45/-	22/6
	18/6	3/-			
RYE	18/6	1/9	MANGEL OR BEET	100/-	63/3
	16/6	7/9	PARSLEY	150/-	15/9
BEANS FOR HARVESTING	22/-	10/6	RYEGRASS	70/-	22/6
	30/-	14/6			
	35/-	17/-	SAINFOIN	70/-	30/6
	40/-	19/6		100/-	43/6
PEAS FOR HARVESTING ..	45/-	22/-	TREFOIL (COSH)	40/-	5/9
	50/-	24/6			
	55/-	27/-	TRIFOLIUM	60/-	5/-
	Value		TURNIP SWEDE ..	120/-	60/-
	per bag		TURNIP WHITE ..	77/6	40/9
	of 40-lb.				
	3/-	18/6	VETCHES OR TARES	30/-	7/-
	5/-	31/-	RAPE OR COLE ..	60/-	54/3
	7/-	43/-			
	8/-	49/6			
	10/-	62/-			
	Value			Value	
	per ton			per bush.	
CLOVER	160/-	2/6	MUSTARD BROWN	65/-	159/3
VETCHES OR TARES ..	..	..	
SAINFOIN .. .. .	..	..	MUSTARD WHITE ..	45/-	78/-
TURNIPS	30/-	3/9			
MANGEL OR BEET ..	..	7/6		Value	
STRAW	40/-	2/-		per acre.	
RYE GRASS	160/-	2/6	POTATOES	£40	12/6
	Value not to exceed				
	per ton	per acre			
	83/-	£41/10/0 35/6			
SUGAR BEET	84/-	£42/0/0 36/-			
	85/-	£42/10/0 36/6			

*Average price indicated by Government for 1947 (see Notes 1 and 5 below).

NOTES

1. **Values.** Subject to control or contract price all crops can be insured for higher or lower values at proportionate rates.
2. **Peas, Beans and Seed Crops.** The rates for these crops are to be increased by 25% if they are insured alone or unless the entire acreage of White Straw Crops is included in the insurance.
3. **Hazardous Parishes.** Higher rates apply in the case of certain Parishes as mentioned in Proposal Form.
4. **Minimum Premium—5/-.**
5. **Basis of Settlement of Loss.** Compensation shall not exceed in any circumstances the limit of value upon which the premium has been paid and in all cases shall be based on the average market prices in the neighbourhood on the day of the damage except in cases where Crops are grown under contract or a price is fixed by Government when the compensation shall be limited to such Contract or Government price.

CHAPTER IV

LIVE STOCK INSURANCE

THIS class is of considerable antiquity and we find that at the time when Lloyd's Coffee House flourished, live stock underwriters were in the habit of attending various taverns and coffee-houses in London for the transaction of business, and there is in existence a prospectus dated 24th July, 1718, entitled "Further proposals from the Office for the Insurance of Horses."

The office in question was short-lived. There is an unfortunate gap between the year 1718 and the middle of the last century. No doubt in that interval the idea had been gradually developing, more particularly perhaps in East Anglia, as we find the Farmers and Graziers Company was operating from about 1844. The Norfolk Farmers came into existence about 1848, being absorbed in 1862 by the National Live Stock, which in time was taken over by the Live Stock Insurance Company of Great Britain. In the eighties the Horse Insurance Company commenced operations; the lineal descendant of this is the Warden, now amalgamated with the Royal Insurance Co. Ltd. It was not until the close of the last century that the Offices began to extend the sphere of their operations and the business began to assume its present-day form. With the advent of the composite Office the business assumed an important position among the activities of these great companies, and though it received a set-back by the substitution of motor traction for horse-drawn vehicles, this has been more than compensated for by the growth in other directions.

In 1912 the Live Stock Offices Association was formed, but this body was subsequently dissolved and its functions taken over by the A.O.A., all members of which, of course, subscribe to the tariff. There are also a few companies and Lloyd's Underwriters trading on non-tariff lines.

It is of interest to note that for the purpose of supplying statistics to the Association for the collation of experience, there are no less than 879 headings under which horses and cattle are classified. These figures are phenomenal when one considers that they refer only to two classes of animal—the equine and the bovine. The figures in connection with horses are divided for these statistical purposes into 41 sections according to the breed or purpose for which such horses are used. These 41 sections being subdivided into 11

classifications of age, give 451 totals in respect of working horses alone. Mares and foals and cattle are scheduled in a similar way and the figures for the mares and foals are again divided so as to show the experience separately of mares foaling for the first time.

LIABILITY UNDER A LIVE STOCK POLICY

The business is not so wide as the title indicates, and is usually limited to horses and cattle, the cover granted being death from accident and disease. In certain instances, however, disablement and depreciation risks are included. Pigs, sheep, pedigree dogs and performing animals are accepted by certain insurers.

Great care must be exercised in underwriting live stock business and the question of moral hazard is of supreme importance.

Certain risks are excluded from all live stock policies, viz. war, invasion, foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power, riot or civil commotion and slaughter of an insured animal without the company's consent (except where immediate slaughter is proved to have been necessary on humane grounds) or if any insured animal is destroyed under the Diseases of Animals Acts, or any order of the Ministry of Agriculture or any local authority.

The following risks are not included in the general policy unless an extra premium is paid—

(1) Fire and lightning (except in the case of transit insurances and insurance of bulls under the Ministry of Agriculture scheme and bloodstock risks).

(2) Transit by water otherwise than by inland waterway.

(3) Loss occasioned through an animal becoming unfit or incapable of performing the functions or duties for which it is kept or employed. (This cover, when given, is usually confined to a disablement allowance in respect of stallions, hunters and polo ponies and the risks of loss through infertility, impotency or incapability of service of bulls.)

(4) Surgical operations.

(5) Breeding.

A wide variety of risks are covered, the principal types of cover being—

(1) Horses and cattle against death from accident or disease.

(2) Foaling risks.

(3) Stallions against death from accident or disease including disablement allowance during service season.

(4) Transit, show and sale risks.

(5) Anthrax.

(6) Bloodstock.

- (7) Bulls under the Ministry of Agriculture Scheme.
- (8) Other bulls and dairy cattle.
- (9) Castration or other specified operations.
- (10) Swine fever.
- (11) Foot and mouth disease (consequential loss).
- (12) Hunters, polo ponies and point to point races for season or annually.

All horses are regarded as having completed one year of age on the 1st January next following their birth, and a further year of age is added each succeeding 1st January. A similar rule obtains with regard to cattle, the day being 1st December.

The marks on the crowns of the lower incisor teeth are an indication of a horse's age up to eight years. At the age of nine to ten the teeth change their shape and commence to turn triangular and long. To obtain an indication of the age of a horse over ten the upper corner incisor tooth is inspected. At ten years of age a dark yellow groove near the gums is generally present and this mark extends down the middle of the tooth until it reaches the bottom at the age of twenty-one.

THE PRINCIPAL BREEDS OF HORSES AND CATTLE

There are four distinct breeds of agricultural horses in this country—

Clydesdales. Of remarkable power and activity. Colour varies from brown or bay to black and dapple grey.

Percheron. This is a French breed of horse of the cart type that has gained favour in England and Scotland. Colour grey. It is well suited for farm work and is noted for its good temper and disposition.

Suffolk. Very active and a good worker. Colour, chestnut with star on the forehead. Fetlocks comparatively free from hair.

Shires. The chief English draught horse. Colour, brown, light or dark bay, grey and black. Fetlocks used to carry an abundance of long silky hair, but this feature is less noticeable today.

The principal breeds of cattle are—

Aberdeen Angus. A beef-producing race. Very handsome in appearance and hornless. Colour black.

Ayrshire. Principal Scottish dairy breed. Best milk for cheese production. The Ayrshire is a frugal animal thriving upon poor pastures as well as upon good land. It is of medium size with fairly upright horns. Colour ranging from nearly white to dark brown and frequently yellow-red and white or brown and white.

British Friesian. This is an outstanding breed for milk production and it is also valuable for beef. The animal has large distinct black and white patches on the body, the division between the two colours being very sharply defined, the legs and the lower portion of the tail being white. Black bodies on white legs are popular.

Devon. Chiefly beef producers. They are of medium size and of perfect proportion. Colour, deep red with a little white in front of the udder.

Galloway. Beef producers. They are short-legged and hornless. Colour, black.

Guernsey. Kept for dairy purposes. Larger than the Jersey breed. Colour, light yellow interspersed with patches of white.

Hereford. This is a renowned beef breed. It has a rich red body with white face, crest and underline, which gives it a striking appearance of uniformity. Animals of this breed are exported to all the beef-producing countries of the world.

Jersey. Noted for their rich milk. They are small and splendidly shaped. Colour varying from light fawn to grey.

Red Polls. Excellent dairy cattle, and beef producers. They are hornless. Colour, red.

Shorthorn. Excellent both as milk and beef producers. Both sexes are square in form with wide backs and massive shoulders and thighs. The cow has nicely curved horns of medium length but in the bull they are short. Colour, red, red and white, white and roan.

Sussex. Principally beef producers. Similar in appearance to Devon cattle but a duskier red.

West Highland. First-class beef producers but not milkers. They carry magnificent horns and a shaggy coat of long silky hair. They are a favourite park cattle being ornamental as well as profitable. Colour varies from silver grey to brown, red and black.

Welsh Blacks. The cattle of this breed are renowned for their hardiness. They are a true dual-purpose breed, i.e. good producers of milk and they give bull calves that make excellent steers for butchers' meat.

For each of these breeds a cattle society is in existence and these are members of a body called the National Cattle Breeders' Association founded in 1907. The objects for which this Association was established are principally to encourage and improve the breeding of cattle and to promote the general interests of cattle breeders.

Pedigree cattle are those that are entered in the Herd Book of the particular breed society and which are destined for breeding purposes.

Horses and cattle are classified according to age and the purpose for which they are used. In the case of horses the owner's trade or

business is a very important factor. The premiums charged are lump sum premiums according to classification and amount insured.

Additional premiums are charged for horses and cattle over a certain age.

This classification is an elaborate one and though for examination purposes a knowledge of rates of premium is not required, it is at the same time necessary for the student to be acquainted with the "sort" of premium charged in order to appreciate the hazards involved and the purport of the classification.

The student will do well, therefore, to obtain a set of live stock prospectuses and devote a short time to studying them.

THE VARIOUS TYPES OF INSURANCE

Proposal forms have been drawn up for the various policies that are issued: transit and show risks, foaling insurance, bloodstock insurance and castration and anthrax risks. A specimen of the general proposal form will be found at the end of this chapter.

In the same way special forms of policy are used for the various risks. A general form of policy has also been included at the conclusion of this chapter.

A proposal form is used in every case and this, with the declaration at the foot of it, forms the basis of the policy.

It is not usual for cover notes to be used in respect of live stock insurances as it is essential that a completed proposal form, possibly a veterinary surgeon's report and the result of any necessary enquiries should be considered by the company before a decision is taken.

Any acknowledgment of proposals should accordingly make it perfectly clear that the risk is not accepted until definite intimation is received to this effect.

It is a feature of live stock insurance that companies are disinclined to accept insurance on any one or more specified animals selected by an owner out of a number of other similar animals which are equally eligible for insurance. An owner's knowledge of an animal must necessarily be more complete than that of the insurer, and accordingly any such selection may well be contrary to the insurer's interest.

For this reason it is the general practice in connection with foaling insurances that an owner must offer all infoal mares. Similarly, where it is desired also to include unborn foals, this must be done in respect of each mare insured. In this way it is left for the company to decide which of an owner's mares are acceptable.

So far as general insurances are concerned, selected animals are sometimes accepted when satisfactory reasons for the selection are forthcoming.

The company is usually prepared to endorse a policy transferring the cover to fresh stock subject to a satisfactory proposal form and payment by the insured of any expense incurred for the examination of the new animal by a veterinary surgeon.

A live stock policy is one of indemnity, and valued policies are not issued. The companies prefer that the sum insured should represent something less than the market value as in this case the owner retains an interest which is calculated to result in greater care being bestowed on the insured animals than might otherwise be the case.

With animals for which an additional premium has become payable on account of age it is a general practice for the sums insured to be limited to two-thirds of the market values.

The maximum period for which a live stock policy is issued or renewed is twelve calendar months after the next ensuing quarter-day. Provided the company is prepared to continue its cover after the expiry of an existing policy, the insured is required to sign a declaration warranting that the animals are sound and in good health and of a value not less than the sum proposed and that there is no alteration in the risk beyond the increase in age.

It is the usual procedure for the company to issue a new policy every year, with the exception of anthrax insurance which is generally continued from year to year by means of renewal receipt.

The issue of a fresh policy every year is of importance, not only because of alterations which may take place in the market value of animals, but also in view of the fact that changes necessarily occur with frequency in the number of animals insured following upon death, sale and purchase of new animals.

Days of grace are not usually allowed for the renewal of live stock insurances.

Short term policies are issued in respect of transit risks, show risks, foaling risks and the like.

The company reserves the right to cancel a policy at any time and in this event allows a *pro rata* return of premium for the unexpired period after deducting any premium paid for special risks incurred. This does not apply to an insured animal suffering from illness or accident of which notice has been given in accordance with the terms of the policy.

In the case of cancellation at the request of the insured the usual method adopted is to charge the short period rate for the expired period, to which must be added any premium paid for special risks incurred, and the balance is returned to the insured.

When a new policy is issued cancelling an existing policy, a *pro rata* return is allowed by the company on the amount replaced,

while the return on the amount not replaced is usually calculated on the lines of the preceeding paragraph.

Depreciation in value is not ordinarily insured. In the case of hunters and polo ponies, however, on the payment of a premium of 15 per cent calculated on the maximum sum payable for depreciation an indemnity is granted to cover the loss sustained by permanent depreciation in value not exceeding 20 per cent of the sum insured for death. Depreciation due to hereditary disease, splints, cracked heels, girth or saddle sores is excluded.

With transit risks depreciation in value due to injury only may be covered up to 20 per cent of the sum insured for death, except in the case of loss of horns when the amount payable is restricted to 5 per cent of the sum insured. Unless specifically included, any loss from parturition or an animal's parturient condition is usually not covered.

When considering proposals it is of importance to ascertain in what circumstances and where the animals are to be housed or kept. In this respect the character of the farm is a matter for consideration and farms in very hilly districts or on heavy land are likely to provide an unfavourable experience. Some farms have known hazardous spots such as unfenced or open drains.

Buildings should be adequate in size, of substantial construction with a sufficiency of light and air, and in good sanitary condition. Where foaling risks are undertaken, roomy loose-boxes should be available, and where valuable animals are concerned it is desirable that information should be obtained as to the size and convenience of the loose-box to be used.

If an insured animal is removed for the purpose of being kept permanently on land, farm or premises other than those specified in the proposal form, the written consent of the company must be obtained.

One must never overlook that the owner of an animal knows more intimately than anyone else its peculiarities, and the conditions under which it will live and work ; his horse may have a difficult piece of work to perform ; his in-foal mare may have had difficulty at a previous parturition ; infection may be in the neighbourhood ; or he may have poisonous trees overhanging his land or a dangerous unfenced pit on his pasture.

Black Belgian horses used by undertakers in some parts of the country are not favourably regarded for insurance purposes. Identification presents difficulties and in addition they are frequently not fully acclimatized to carriage work. Even if they are acclimatized, owing to the irregular nature of their work with consequent lack of exercise their general condition will usually be found to be poorer than normal.

Under the Ministry of Agriculture Scheme for the improvement of cattle stocks throughout the country, which provides for annual grants to owners of certified bulls, insurance against the following risks is compulsory for the first year and optional thereafter, the premium being charged at the rate of $7\frac{1}{2}$ per cent—

- (a) Death from accident or disease, including fire and lightning.
- (b) Infertility, impotency, or incapability of service preventing the bulls from being used for breeding purposes.

CONTAGIOUS DISEASES

With the object of preventing the introduction and spread of contagious diseases amongst animals, a series of statutory provisions has been made dealing with notification of disease, isolation, disinfection, declaration of infected places and areas, the importation and exportation of animals and slaughter of diseased or suspected animals.

Extensive powers for these purposes are conferred on the Minister of Agriculture and Fisheries and upon the local authorities, upon whom, too, further powers may be conferred by the Minister.

Administrative machinery has been set up under these Acts and the carrying out of the objects of the legislation is effected by means of orders of the Minister of Agriculture and Fisheries.

The diseases dealt with by the Minister under these powers are—

- Cattle plague or Rinderpest.
- Contagious pleuro-pneumonia of cattle.
- Foot and mouth disease.
- Swine fever also known as typhoid fever of
Swine, soldier purples, red disease.
- Hog cholera or swine plague.
- Sheep pox and sheep scab.
- Glanders (including farcy).
- Rabies.
- Anthrax.
- Parasitic mange in horses.
- Tuberculosis.
- Epizootic lymphangitis.
- Epizootic abortion.

The animals dealt with are cattle (which expression means, bulls, cows, oxen, heifers and calves), sheep and goats and all other ruminating animals and swine, and there is power for the Minister by Order to extend the scope so as to comprise any other kind of four-footed beast.

Every person having in his possession or under his charge an animal affected with disease must give notice of the animal being

affected to a local police constable, who must forthwith give information thereof to such person or authority as the Minister by general order directs.

In some cases the constable must immediately communicate with the Ministry by telegraph, and in all cases he must notify an inspector of the local authority who in certain cases notifies the Medical Officer of Health.

A veterinary surgeon is also under obligation to notify diseases which he finds in the course of his practice.

The Ministry must slaughter all animals affected with cattle plague and pleuro-pneumonia, and may if it is thought fit, slaughter animals that are suspected of these diseases.

The Ministry may slaughter any swine affected with or suspected of swine fever.

The Ministry or a local authority may slaughter any animal affected with or suspected of foot and mouth disease.

In the cases of diseases other than cattle plague the Ministry may direct and authorize slaughter by local authorities.

A local authority must slaughter horses affected by glanders and animals suffering from tuberculosis, but, if the owner objects, only with the authority of the Ministry.

If the value of the horse exceeds £50 the direction of the Ministry must be obtained.

In the case of tuberculosis it should be noted that animals which have failed to pass a tuberculin test are known as "reactors" and owners are permitted to offer these for sale in the open market. In fact, some of the animals might not react at a subsequent date. Under the terms of the Tuberculosis Order 1938 only certain cases of tuberculosis are scheduled. These are notifiable to the Police or to a veterinary inspector of the Ministry of Agriculture, and are as follow—

(1). Any cow which is, or appears to be affected with tuberculosis of the udder, indurated udder or other chronic disease of the udder.

(2). Any bovine animal, which is or appears to be, affected with tuberculous emaciation.

(3). Any bovine animal which is affected with a chronic cough and showing definite clinical signs of tuberculosis.

When an animal has been slaughtered, the carcase belongs to the Ministry or local authority (whichever ordered the slaughter) and must be disposed of as they direct. The Ministry or the local authority may use the land of the owner of a slaughtered animal for the burial of the carcase.

Compensation is paid to persons whose animals are slaughtered for the common good, except in the case of anthrax. The rate varies

according to the disease for the prevention of which the animal was slaughtered and according to whether the animal was affected with disease or not.

When insurance is payable upon animals thus slaughtered the company may deduct the amount of compensation received by the owner before they make the payment (Diseases of Animals Act, 1894, Sect. 20). Most companies exclude the risk of compulsory slaughter under this Act, except in the case of bulls insured under the Ministry of Agriculture Scheme.

Persons are liable to lose the whole or part of the compensation if, in the opinion of the Minister or the local authority, they have been guilty of an offence against the Diseases of Animals Act, 1894.

The Minister has prescribed the mode of ascertaining the value of animals and issued regulations in respect of applications for and payment of compensation.

Compensation for animals slaughtered by the Ministry is paid out of money voted by Parliament and the proceeds of sales of carcases of slaughtered animals. When slaughtered by the local authority compensation is paid out of the local rates. In the case of tuberculosis three-quarters is repaid by the Ministry.

Some of the insurances for cattle are for very considerable amounts. Cattle owners in the Argentine frequently pay large sums for bulls imported from this country. These animals are sent to the stock farms in South America to be mated with the cross bred American cattle, the progeny after one or two generations again entering this country from the Argentine as chilled beef or beef extract.

The insurance of animals in transit provides quite a substantial income. Not only are there the oversea transits when animals are sent abroad, but there is considerable movement of animals in this country to and from shows and races and for purposes of breeding.

BLOODSTOCK

The insurance of bloodstock, by which is meant the insurance of horses eligible for registration in the general Thoroughbred Stud Book published under the auspices of the Jockey Club and kept for racing and breeding purposes only, although coming under the heading of live stock insurance is separate and distinct from ordinary live stock and the division is so marked that the live stock tariff does not extend, so far as rates and conditions are concerned, to bloodstock insurance.

Horses of this type are frequently insured for very large sums, amounts up to £25,000 being not infrequent, whilst in two cases, at least, a figure of £100,000 has been reached.

The annual sale of race horses at Newmarket and Doncaster run into very big figures and the amount of the stakes competed for under Jockey Club and National Hunt rules every year approximates £1,000,000.

With figures of this magnitude it will be seen that the catastrophe hazard where a large number of animals originally insured in different parts of the country are concentrated in one building, is one to be considered. A good illustration of this is the number of valuable horses assembled at a race meeting. For instance, at the 2,000 Guineas meeting at Newmarket or at the Derby at Epsom, there would be at least £100,000 or £150,000 worth of bloodstock congregated under one roof, or in adjacent premises and in the event of fire there would be chaos and disaster.

Again, special trains are frequently run in connection with race meetings and with the big agricultural shows and an accident involving one of these trains would most certainly result in heavy loss to the companies.

The same problem arises in respect of insurance of horses or cattle during transit by sea where, in spite of every endeavour and enquiry, the company may have difficulty in ascertaining the total value of stock in which they are interested being sent in one vessel. This difficulty is most frequently met with in connection with channel crossings and journeys between England and Ireland.

Generally speaking, insurance arrangements are made some-time ahead, thus giving the company more opportunity to ascertain the total commitment in respect of one vessel and arrange any necessary excess reinsurance in the event of the total loss of the vessel. In connection with the short sea voyages to the Continent and Ireland it is often trying work to ascertain the total liability.

Breeders and owners in Ireland send animals for show or sale to this country. Policies are frequently issued for nine or twelve months including transit from Ireland and return if necessary, and the owner may at the time of effecting the insurance declare his intention of sending the horse to, say, the Doncaster bloodstock sales in September. In due course he forwards to the auctioneers his nomination for entry in the catalogue only to learn that the sale is full but that he can have a position in the July sales at Newmarket. This the owner accepts but the last person he will think of advising is the insurance company which is thus blissfully unaware of the fact that in an earlier shipment it may have a considerable insured value on board in excess of estimates. The necessity, therefore, of an open total loss of vessel reinsurance cover is apparent.

A short time ago it was announced that eight Irish thoroughbred race horses valued at £50,000 were being flown by Transatlantic Air

Service from Shannon Airport to New York. This was the first flight of its kind and it claimed that the advantage of this method of transport is that the horses would be fit to race within one week of arrival whereas a sea voyage would render them unfit for the track for almost six months.

Bogus claims in connection with bloodstock insurance were at one time rife but the position has greatly improved and today the business is as clean as any other, and it would serve no useful purpose to recount the stories of famous frauds. Suffice it to say that in dealing with the insurance of delicate animals of great value, who may be rendered useless by a very simple accident, the greatest care must be exercised and the moral hazard is of the greatest importance.

CLAIMS

Whilst in general the practice in regard to live stock claims is the same as that obtaining in other classes of accident business, there are one or two special features which should be noted.

It is a condition of the policy that in the event of accident to or illness of any insured animal the insured shall at his own expense immediately provide adequate attendance and treatment by a qualified veterinary surgeon and at once advise the insurance company.

No claim is valid unless the insured animal dies within the currency of the policy from an accident or disease occurring or contracted during the same period.

An insured animal must not be slaughtered without the consent of the company being first obtained, unless it is essential in the interests of humanity that the animal be immediately destroyed.

In cases where an animal (other than a bull insured under the Ministry of Agriculture Scheme) is destroyed under the Diseases of Animals Acts or under any order of the Privy Council, Ministry of Agriculture or any local authority, no compensation is payable under the policy.

The company must at once be advised of the death of an insured animal by telegraph or telephone if possible, and the carcase must not be removed or parted with until the expiration of twenty-four hours after such notice.

The sum payable in the event of death of an insured animal, on the company receiving satisfactory proof, is the marketable value of such animal not exceeding the sum insured thereon less any sum realized by the sale of the carcase.

The insured must furnish the company at his own expense with a qualified veterinary surgeon's certificate. The company has the right to have a post mortem examination made by its own veterinary surgeon.

In the course of the investigation it may come to light that the animal was older than stated by the insured when effecting the insurance, or that the animal had been ailing for some time notwithstanding the signing of a declaration of soundness and good health by the insured at the time of acceptance.

When in the case of still-born foals or foals dying within a few days of birth no veterinary surgeon has been in attendance, companies will usually pay claims subject to the satisfactory completion of a claim form by the insured and a certificate of corroboration by a veterinary surgeon or a responsible neighbour.

The following are specimens of the forms in use—

INSURANCE COMPANY LIMITED

Claim for Loss by Death

To be lodged with the Company, along with Veterinary Certificate, within 14 days after the death

Claimant's Name
and Address }

Policy No.
.....

DESCRIPTION OF ANIMAL										Cause of Death
No. in Schedule of Policy	Name	Age	Colour	Marks of Identity	Sex	Breed	Market Value	Insured Value		
							£	£		
The animal took ill, or met with accident on the.....day of.....		Notice was sent to the Company on the.....day of....		My Veterinary Surgeon was called on the.....day of....		Death or Slaughter took place on the.....day of....				
1. For what purpose was the animal used ?										
2. How long was it in your possession ?										
3. What caused the disease or accident ? (a) If accident, was it the fault of any other than your driver; give particulars of time and place. (b) Names and Addresses of witnesses of accident										
4. When was the animal last at work ?										
5. Name of Veterinary Surgeon attending. (The V.S. Certificate should accompany this form).										
6. If the animal was purchased, what sum did you pay for it ?										
7. How much did you obtain for the salvage ? (Voucher from the Purchaser should be sent).										
8. Was the animal insured elsewhere ? If so, give name of office or Society.										
9. When did you pay the premium ?										19 to (Name of Agent).
10. How many animals of same class are now on your premises ?										
11. If claim for a foaling Mare:— (a) When was the Mare due to foal ? (b) When did the foaling take place ? (c) Has this Mare foaled before ? If so, when ? (d) How many in-foal Mares have you this season, both foaled and to foal ?										

I warrant the truth of the answers to the foregoing questions, to the best of my information, knowledge, and belief; and I declare that the conditions of my Insurance have been complied with in every respect as required by the Company.

Dated 19

Signature of Owner

.. ..

INSURANCE COMPANY LIMITED

VETERINARY SURGEON'S CERTIFICATE

To be supplied by Insured, at his own expense, in support of Claim.

I HEREBY CERTIFY that I attended the Animal described below, belonging to

Mr. of
 from the . . . day of . . . to the . . . day of and that it died at
 o'clock, on the . . . day of the cause of death being

DESCRIPTION OF THE ANIMAL REFERRED TO

Name	Age	Colour	Marks of Identity	Sex	Breed	Market Value
						£

1. 1. If post-mortem was made please give results.

2. If death was due to disease, state how the disease was caused.

3. If death was due to an accident, state how, when, and where the accident occurred.

4. Do you identify the animal as one which you examined for insurance?

5. In your opinion have proper care and treatment been given both before and after the illness or accident?

6. What was the animal's employment?

7. Give any observations on the case.

Signed. F.R.C.V.S.
 M.

Dated Address

INSURANCE COMPANY LIMITED

CLAIM FOR LOSS OF FOAL BY DEATH

To be lodged with the Company within 14 days after the Death

Claimant's Name }
and Address }

.. .. .

Policy No.

DESCRIPTION OF THE FOAL						Cause of Death
Date of Birth	Colour	Marks of Identity	Sex	Breed	Insured Value	
					£	
The Foal became ill or met with accident on		Notice was sent to the Company on		My Veterinary Surgeon was called on		Death or Slaughter took place on
the . . day of ..		the . . day of .		the . . day of ..		the . . day of
Particulars of the dam of the Foal ..	Name	Age	Colour	Breed	Value £	Year of last Foaling
How much did you obtain for the Salvage?						
Was the animal insured elsewhere? If so, give name of Office or Society.						
When did you pay the premium? ..						
19 to (Name of Agent.)						

I warrant the truth of the answers to the foregoing questions and I declare that the conditions of my insurance have been complied with as required by the Company.

Dated 19 Signature of Owner

CERTIFICATE OF CORROBORATION

(To be completed by a Veterinary Surgeon if one attended; otherwise by a responsible neighbour.)

I hereby certify that the above particulars and answers are true to the best of my information, knowledge and belief.

Signature

Address

Occupation

INSURANCE COMPANY LIMITED **PROPOSAL FORM**

Proposer's Name in full

Address

Occupation

Item No.	Name	Sex and Breed	Colour, Marks and Description	Age	Height (Horses only) Hds. In.	Market Value £	Sum Insured £
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
<p>1. (a) For what purposes are the animals used? (a) (b) If farm work, is grass disease to be included? (b) (c) Is hire cartage work undertaken? (c) <i>(Full particulars must be furnished).</i></p>							
<p>2. Do you wish to cover them against fire and lightning risks (if not already covered by fire policy)? Extra premium 2/6%</p>							
<p>3. Where are the animals kept?</p>							
<p>4. How long have they been in your possession?</p> <p style="text-align: right;">State cost price if purchased within the last 12 months £</p>							
<p>5. Are they sound and healthy? Describe any defect or vice</p>							
<p>6. Have any of the animals ever suffered from gripes, laminitis or other ailment?</p>							
<p>7. Are any of the stock parturient? If so, give date due to foal or calve, as the case may be</p>							
<p>8. Give particulars of losses amongst your stock during the last two years (a) from grass disease, (b) from any other cause (a) (b)</p>							
<p>9. Are any of the animals at present insured elsewhere?</p>							
<p>10. Describe any animals of the above class not offered for insurance, and give reason why not proposed</p>							
<p>11. Have you previously been insured in respect of any of your Live Stock? Has any such proposal ever been (a) declined or (b) withdrawn, or (c) have special terms been imposed? (a) (b) (c)</p> <p style="text-align: right;">If so, with what Company or Underwriters?</p>							
<p>12. Give name and address of your Veterinary Surgeon Miles distant?</p>							
<p>13. STALLIONS ONLY:— (a) Do you hold a Ministry of Agriculture Certificate in respect of the stallions proposed? (b) When does season begin and end? (c) What is the average fee earned? (a) (b) (c)</p>							
<p>14. CATTLE ONLY:— Have any of the animals been tested for Tuberculosis? If so, give date, result of test, and send certificate of test for inspection</p>							

I/WE hereby propose to insure the above-described animals, subject to the usual terms and conditions of the Company's policy, and warrant the said animals to be of a value not less than the sum proposed to be insured, and that I/we have notwithstanding any information necessary to enable the Company to estimate the risk. I/We agree that this declaration shall be the basis of the contract between me/us and the . . . Insurance Company Limited.

Date 19

Signature of Proposer

LIVE STOCK INSURANCE**General Form of Policy**

WHEREAS the Insured named in the Schedule below has by a proposal and declaration dated as stated in the said Schedule which proposal and declaration it is hereby agreed shall be the basis of this Contract and be considered as incorporated herein applied to THE INSURANCE COMPANY LIMITED hereinafter called the Company for the Insurance hereinafter contained for the period stated in the Schedule hereto and in consideration of the Insured having paid or agreed to pay to the Company the sum shown as the premium for or on account of such Insurance,

NOW THIS POLICY WITNESSETH that in the event of the death during the period of insurance of any animal specified in the Schedule from Accident or Disease sustained or contracted during the said period,

THE COMPANY will pay to the Insured the loss sustained not exceeding the sum insured as specified in the 4th column of the Schedule opposite the description.

PROVIDED ALWAYS that the Company shall not be liable in respect of loss arising from or in consequence of:

- (i) Fire, Lightning or Earthquake
- (ii) War Invasion Act of Foreign Enemy Hostilities (whether War be declared or not) Civil War Rebellion Revolution Insurrection Military or Usurped Power Riot or Civil Commotion
- (iii) Breeding, Docking, Castration or Slaughter or Surgical Operation unless previously sanctioned by the Company
- (iv) An animal becoming unfit or incapable of fulfilling the functions or duties for which it is kept or employed.

PROVIDED ALSO THAT no compensation shall be payable by the Company in respect of any animal insured hereunder destroyed under the Diseases of Animals Acts or under any Order of the Privy Council the Ministry of Agriculture or of any Local Authority.

PROVIDED FURTHER that the due observance and fulfilment of the conditions contained herein or endorsed hereon which are to be read as part of this policy shall be a condition precedent to any liability of the Company hereunder.

SCHEDULE

POLICY No.		Name of Insured			
Date of Proposal and Declaration		Address			
AGENCY		PERIOD OF INSURANCE		PREMIUM	
		Commencing Date			
		Expiry Date			
(1) Item No.	(2) NAME OF ANIMAL	(3) DESCRIPTION	(4) Sum Insured	(5) Premium	
			£	£	s. d.

The Policy covers the insured animals whilst under exhibition at Shows and during Transit (otherwise than by water). The animals are covered only whilst in Great Britain, Isle of Man, Northern Ireland and Ireland.

IN WITNESS WHEREOF this Policy has been signed this

.....
Accident Manager.

CONDITIONS

1.—Every notice or communication to the Company shall be delivered in writing at the Head Office or any Branch Office of the Company.

2.—The policy is void if there be any misrepresentation in the proposal or any omission therefrom of any fact material to the estimation of the risk, or if any of the animals be used for any other purpose than that stated in the proposal or be removed without the permission of the Company for the purpose of being kept on any other farm or premises than those stated in the proposal.

3.—This policy ceases to be in force as to any animal which shall pass from the Insured to any other person unless notice thereof be given to the Company and the subsistence of the Insurance in favour of such other person be declared by a memorandum endorsed hereon by the Company.

4.—The Insured shall, so far as practicable, give immediate notice direct to the Company of the occurrence of any illness of or accident to an insured animal, and shall at his own expense immediately provide for adequate attendance and treatment by a qualified veterinary surgeon, and when required shall furnish a report by the attending veterinary surgeon on the condition of the animal. The Insured shall at all times use and exercise every due and proper precaution and safeguard against loss or danger of loss, and shall comply with all reasonable regulations and directions given by the Company or by a veterinary surgeon employed by the Company.

5.—The Insured shall give immediate notice to the Company, by telegraph or telephone if available, of the death of an insured animal and shall at his own cost, within 21 days, produce in support of his claim, such proofs as to the death, identity and value of the animal claimed for (including a certificate from a veterinary surgeon) and all such explanations, information and evidence as the Company may require. No carcase shall be removed or disposed of until the expiration of 24 hours after notice of death shall have been received by the Company.

6.—In the event of the death of any insured animal the Company shall be entitled to all monies recovered or recoverable by the Insured from other parties in respect of the loss including the amount realized by the disposal of the carcase.

7.—The Company shall, in respect of any insured animal, be entitled at its own expense to do, and to use the name of the Insured or of his representatives in doing, all such acts and things necessary or reasonably required for the purpose of enforcing all rights or remedies of the Insured against or obtaining relief or indemnity from other parties to which the Company shall or would become entitled or subrogated upon paying any loss under this policy whether such acts and things shall become or be necessary or required before or after payment and the Insured shall not do, suffer or omit any act whereby the rights of the Company shall be prejudiced and the Insured shall give all necessary information and assistance required by the Company in dealing with any claim.

8.—If at the death of any insured animal there be any other subsisting insurance, whether effected by the Insured or by any other person, covering the loss or any part thereof the Company shall be liable to pay only its rateable proportion of the loss.

9.—The Company may by registered letter (sent by post to the Insured at his last known address), cancel this policy at any time (except as regards animals suffering from illness or accident of which notice under condition 4 shall have been received by the Company), subject to payment on demand of a proportion of the current premium corresponding to the unexpired period of the policy.

10.—All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree, of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings, and the making of an Award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months of the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recoverable hereunder.

GLOSSARY OF TERMS

The following is a list of the diseases which more commonly affect animals and of the terms used in relation to animals which are the subject of Live Stock Insurance.

Abortion

Abortion or premature birth is not very common in the mare and when it occurs is usually due to an accident. Cows are very subject to abortion, the most serious being the epizootic form due to the presence of bacilli of a highly contagious nature. Premature birth may also be caused by accident, indigestion, distension of stomach, specific diseases and also by bleeding, poison, galloping and fretting. Also termed "slinking," "slipping" or "casting the calf."

- Actinomycosis** A complaint affecting the tissues of a part due to the presence of a vegetable micro-organism. This micro-organism known as the ray fungus causes enlargement composed of several central nodules or tumours with radiating fibres. Cattle are most subject to this complaint, the tongue, jaw and bones of the face being mostly attacked. When the tongue is affected it is known as "wooden tongue" and when the disease attacks the jaw it is called "lumpy jaw" or "big jaw."
- Anthrax** A specific disease of a very inoculative and contagious character caused by the *Bacillus Anthracis* in the blood of the animal, cattle being more frequently affected than other animals.
- Asthma or Broken Wind** The complaint exists in two forms. The first is a rigid contraction of the bronchial muscles caused by the inhalation of certain matters such as new hay or pollen. This form of asthma is more common in cattle than in horses and the attack usually lasts from four to twenty-four hours. The second form is known as emphysema and is due to structural change in the lungs, the small air cells being ruptured. This malady is often due to a severe attack of pneumonia, influenza or bronchitis, or may be caused by bad food. The complaint is incurable but a horse can be used for work provided great care is exercised regarding feeding.
- Azoturia or Nitrogenous Urine** Caused by an overloaded state of the system, mares being more affected by this disorder than horses. The chief symptoms are coffee-coloured urine which is passed with difficulty and profuse perspiration. The complaint affects horses which are too well stall-fed and have little or no exercise.
- Black Water Disease** See RED WATER.
- Bone Spavin.** A bony enlargement due to inflammation of the head of the shank bone and the cuneiform bones in the horse. This condition is brought about by injury or over-exertion such as jumping. Lameness occurs after rest but when the animal has gone a short distance the lameness and pain slowly disappear.
- Bots** The grubs of the bot fly, a species of the gad fly found in the stomach of the horse and numbering anything from eight to three hundred. This insect resembles an ordinary bee but has only two wings. The female lays its eggs generally behind the knee joints of an animal, and when hatched they cause itching; by the animal licking the parts with its tongue, the insects are conveyed to the stomach where after many months they loosen their hold and pass away with the faeces. Should the insects attach themselves to the lining membrane of the intestines, inflammation of the bowels ensues, causing death. When present in large numbers in the stomach, the horse loses flesh during the winter and spring months.

As a preventative a horse-singeing lamp is run over the legs and shoulders of the animal in the autumn, this process destroying the eggs.

Blue Sickness

See SWINE FEVER.

Broken Wind

See ASTHMA.

Bullock

A more mature steer (q.v.).

Canker

A fungoid growth of horn at the bottom of the foot of the horse caused by injury and also by standing in unclean stables. Horses suffering from grease are very prone to canker. Instead of the ordinary horn small soft growths make their appearance and bleed on the slightest touch. It may extend over the whole of the sole and affect one or more feet but does not very often cause lameness.

Carcase

The body of a dead animal.

Casting the Calf

(See Abortion).

Castration

The operation of removing the testes. The object of the operation is to render animals more docile and easy to manage. The best time for castration in the horse is rising one year old and preferably in the spring months.

Cattle Plague

See RINDERPEST.

Chorea

See STRINGHALT.

Clicking

See STRINGHALT.

Cob

A sturdy short-legged animal about 14 hands high.

Colic

A severe crampy pain in the belly. Spasmodic colic is due to cramp of the muscular coat of the intestines, more particularly the small intestine. Drinking cold water when the animal is heated, improper food, worms and sudden chill causes spasmodic colic. Flatulent colic is distension of the bowel with gas caused by fermentation of food. The symptoms are similar to those of spasmodic colic but the animal is also swollen.

Consumption

See TUBERCULOSIS.

Cross-Bred

The term applies to the off-spring of two different breeds or types of a species. A "first cross" is the result of mating of two pure breeds, a "second cross" being the off-spring resulting from the mating of "first cross" with a pure bred, and so on.

Diarrhoea or Scour

May be acute, chronic or intermittent, is a very common complaint in cattle and is due to a variety of causes including eating coarse indigestible or wet grasses, frosted turnips or from worms, flukes, or tuberculosis.

Docking	Is the amputation of a portion of the tail of young horses. The operation is performed with a special docking knife or scissors and the bleeding stopped by the use of a hot docking iron. Great care must be taken that all instruments are clean as lockjaw and blood poisoning occasionally follow docking.
Dropping after Calving	See MILK FEVER.
Entire	An uncastrated animal, a male in its natural state, a stallion.
Epizootic	Means practically the same as "epidemic" but applies especially to animals. Foot and mouth disease, cattle plague, contagious lung fever and swine fever are examples of epizootic diseases.
Farcy	A disease allied to glanders; one or more limbs of the animal swell and there is also a considerable amount of constitutional disturbance and a rise of temperature. The disease is very contagious. See GLANDERS.
Farrowing	The act of giving birth by a sow.
Filly	A young mare; one that has not foaled.
Foot Fever	See LAMINITIS.
Foot and Mouth Disease or Murrain	A contagious disease affecting the mouth and feet and udder of cattle, sheep and pigs with ulcerating sores. The disease is scheduled under the Diseases of Animals Act, 1894, and on its appearance those animals affected, and others which have been in contact, are generally destroyed to prevent the disease spreading.
Founder	See LAMINITIS.
Flatulent Colic	See COLIC.
Fumigants	Used for the destruction of disease producing germs, parasitic pests and for disinfecting stables, etc. The agents employed are usually chlorine gas, iodine, sulphur and formalin fumes. All animals must be removed while buildings are being fumigated and all openings, doors and windows kept closed. Plenty of air must be allowed in before the animals are again admitted.
Garget	See MAMMITIS.
Gelding	A male horse upon which the operation of castration has been performed.
Gestation	Is the term applied to the bearing of young in the womb from the time of conception until delivery. The average period of gestation in a mare is eleven months, cow nine months, sheep and goats five months, and pig four months.
Gilt	A young female pig—one that has not farrowed.

Glanders	A very dangerous contagious and inoculable disease. In the acute form death occurs in a short time, but a horse suffering from chronic glanders may continue working many months. The animal looks ragged and unhealthy, and there is a yellow discharge from the nose. The disease is very dangerous to both man and beast.
Grass Disease or Grass Sickness	A form of inflammation of the bowel in horses which is attributed to infection from grass but its exact cause has not been ascertained. It is particularly prevalent in certain parts of Scotland, and it usually attacks horses when they are placed out to grass in the spring time.
Grease	Inflammation of the true skin of an eczematous character causing swelling of the legs and stiffness on moving.
Groggy Lameness	See NAVICULAR DISEASE.
Hackney	A horse lighter and faster than a draught horse and usually used for carriage work.
Haemo-Albuminuria	See RED WATER.
Hands High	The standard used in measuring the height of a horse, a hand being four inches, the average size of the palm. The measurement is taken from the sole of the near fore foot to the top of the withers, i.e. the ridge between the shoulder blades.
Heifer	A young cow, one that has not calved or not calved more than once.
Hernia or Rupture	A displacement of the bowel; in the case of a horse may take place at various points. For example, the diaphragm may be ruptured and a portion of the intestines be pushed through into the chest; such ruptures generally end fatally.
Hide	The skin of an animal.
Hidebound	A horse is said to be hidebound when its skin is very dry.
High Blowers	See WHISTLERS AND ROARING.
Hog	A male pig or boar upon which the operation of castration has been performed.
Hoose or Husk	An irritation of the bronchial tubes in calves caused by small worms. Animals suffering from this complaint have a husky cough and lose flesh rapidly, and although the calf continues to take its milk it does not thrive and eventually dies from exhaustion.
Hunter	A horse used for the purposes of fox hunting, etc., and engaging in point-to-point races. Usually a through-bred or half thoroughbred.
Husk	See HOOSE.

- Inflammation of the udder** See MAMMITIS.
- Influenza** A fever varying in degree according to the nature of the attack and condition of the animal. In severe cases it causes great prostration and debility. The complaint is very infectious.
- Inoculation** Animals are usually inoculated to prevent the disease-producing organisms of certain diseases invading the body. Vaccines or serums for this purpose are prepared by cultivating the microbes that cause the disease, in certain media. Animals may also be inoculated with the microbes. The above-mentioned are used to cure as well as to prevent disease.
- Johne's Disease** Caused by bacilli located in the lining membrane of the intestine causing thickening and corrugation of the bowel. The animals are often called "wasters" but are quite free from tuberculosis. Animals suffering from this disease gradually lose flesh, become hide-bound and finally die. The cause of the disease arises from animals grazing on wet, low-lying and undrained pastures.
- Joint Ill** See OMPHELEITIS.
- Laminitis, Foot Fever or Founder** Inflammation of the sensitive tissues of the feet. The acute form may be cured but it sometimes leaves a change of structure known as chronic laminitis which subjects an animal to a possible recurrence of the acute form. The disease is intensely painful and causes excessive lameness. The appearance of the wall or crust of the hoof is as if it had become soft and wrinkled. A predisposition to this disease is traceable to hereditary tendency and defective formation of the feet but the immediate cause is concussion while excitement, over exertion and indigestion are frequent causes. A very serious and often fatal form may occur in mares as a result of parturition.
- Liver Fluke** A flat suctorial worm attacking the liver of cattle and sheep, causing diarrhoea and often proving fatal in the case of young animals.
- Lockjaw** See TETANUS.
- Lymphangitis** Also known as "Weed" or "Monday Morning Leg." An inflammation of the absorbent vessels of the legs, usually the hind legs which causes large swellings and great lameness. It is not often a fatal disease but there is always a tendency to recurrence.
- Mammitis, or Inflammation of the Mammary Glands or Udder** (sometimes called Garget) All animals of the female sex are subject to this complaint. It is occasionally seen in the mare, involving one or both sides of the udder, and may appear a week or two before foaling, but more often happens afterwards, especially if the mare is in good condition and has lost its foal. Sometimes it occurs when the animal is not pregnant, usually in animals with gummy legs that are predisposed to weed or grease.

Mange or Scab	Affects the horse, cow, sheep, etc., and is due to small parasites. There are three different families of these parasites; one lives on the skin, a second penetrating into the skin, and a third burrowing through the skin, the latter being very difficult to treat. The complaint causes considerable irritation and is highly infectious.
Mastitis, or Inflammation of the Udder	Very common in the cow, when one or more of the quarters may be involved. It is due in all cases to bacterial infection, and the different forms which are observed are due to different groups of these organisms. The most common form is seen in milking-cows. The onset is slow, and the condition may be unnoticed for a day or so; then a slight curdling of the milk may be seen, and soon one or more quarters will become swollen, hard and painful. Great difficulty may now be experienced in withdrawing the milk, which becomes clotted in the glands. This is a bacterial disease which may easily be spread by the hands of the milker or by other indirect means. If possible, therefore, the animal should be separated from other milking cattle. If this should be impracticable, the affected animal should be milked last.
Milk Fever	Known also as parturient apoplexy or dropping after calving, causing a partial or total loss of power. Cows are the greatest sufferers but generally are attacked at only the third or subsequent calving.
Muir III	See RED WATER.
Murrain	See FOOT AND MOUTH DISEASE
Navel III	See OMPHALITIS.
Navicular Disease	Commonly known as groggy lameness is inflammation and ulceration of the tendinous or inferior articular surface of the navicular bone, owing to constant irritation within the foot causing an additional growth of horn and giving a box-like appearance to the hoof. The disease is incurable but a horse can be made to do a considerable amount of work by the owner paying careful attention to the feet.
Nitrogenous Urine	See AZOTURIA.
Off	This term where used after the age of an animal as "five off" indicates that it will shortly attain the age of six.
Offal	The refuse or entrails of a dead animal.
Omphalitis or Joint III	A septic inflammation of the navel string caused by germs infesting the navel opening and is common in foals and calves up to two weeks old.
Parturient	Bringing or about to bring forth young.
Parturient Apoplexy	See MILK FEVER.
Parturition	The act of giving birth.

Pedigree	Particulars of lineage as applied to animals indicating that they have been bred from stock true to type and breed and possess certain qualities that have been transmitted by their ancestors from generation to generation.
Pinkeye	The name given to a modification of the catarrhal form of influenza, a peculiar symptom being the remarkably clear pink-coloured condition of the conjunctival membrane accompanied by a considerable amount of general oedema (dropsical swellings). An outbreak will sometimes spread very rapidly over a wide area. This disease has a tendency to form fibrinous clots in the cavities of the heart and larger arteries which partly account for the occasional sudden termination of the disease by death.
Pleuro-Pneumonia (contagious)	A specific inflammation of the lungs and pleura of a very infectious character.
Pyæmia	A form of blood poisoning in animals due to micro-organisms causing the formation of abscesses in various parts of the body.
Quittor	A fistulous disease of the foot of the horse which is much more prevalent in towns than in country districts.
Red Soldier	See SWINE FEVER.
Red Water	Also known as Black Water, Muir-ill or Haemalbuminuria, is mostly found affecting cattle on poor undrained land, the disease being due to deterioration of the blood. The chief symptoms are dark, red or black colour of the urine and the animal being dull and languid.
Rig	A horse in which one or both testicles have failed to come down into the scrotum.
Rinderpest or Cattle Plague	Is an imported disease and is not prevalent in this country. It is a malignant typhoid disease extremely contagious and highly infectious.
Ringworm	Is due to a micro-fungus infesting the skin of domesticated animals. It is very contagious and communicable to human beings. The disease attacks the face, head and neck and gives rise to round patches devoid of hair and covered with a greyish yellow scurf.
Rising	This term used before the age of an animal as "rising 5" denotes that it will attain the age stated on the occasion of its next birthday.
Roaring	Is the peculiar noise made by a horse during the act of inspiration when doing heavy or fast work. The chief cause is obstruction in the air passages but may be hereditary. The operation of tracheotomy is often performed and the animal made serviceable for a number of years.
Rupture	See HERNIA.
Scab	See MANGE.

Scour	See DIARRHOEA.
Scrofula	See TUBERCULOSIS.
Scrotal Hernia	Protrusion of bowel into the scrotum (the sac which holds the testes). This is very common in young foals but in the majority of cases the bowel returns to its proper place before the animal is a year old.
Selling Race	The winner is put up to auction after the race and any surplus obtained over and above the entered selling price is divided between the owner of the second horse and the race fund.
Shivering	See STRINGHALT.
Slinking	See ABORTION.
Slipping	See ABORTION.
Spasmodic Colic	See COLIC.
Staggers (cow)	The symptoms are similar to staggers in the horse but more difficult to treat in view of the nature of its stomach. The animal presses its head against the wall if in a stable and also snores loudly. If let out it appears quite blind, stumbling over any object which may be in the way. In some cases slaughter is necessary.
Staggers (horse)	A disorder of the stomach attended by nervous derangement sometimes caused by the too early ripening of rye grass. This complaint causes an unsteady gait, the animal swinging its head backwards and forwards, accompanied by laboured breathing.
Stallion	A male horse used for breeding or stud purposes.
Steeplechase	A cross country race.
Steer	~ A young castrated male of the ox kind.
Stillborn	Born dead.
Stomach	Whereas the horse has a single stomach, cattle and sheep have four stomachs or to be more accurate a stomach divided into four compartments. They are (1) rumen or paunch, (2) reticulum or honeycomb, (3) omasum or manyplies, (4) abomasum or true digestive stomach. The first three are for storing and preparing the food and the fourth for digestion.
Strangles	A febrile suppurative disease common in young horses particularly between the age of two and three years during the period of dentition. Abscesses form under the jaw, round the throat, and beneath the ears causing a choking sensation. The complaint is infectious.
Stringhalt, Chorea, Shivering or Clicking	A derangement of the nervous system causing involuntary spasmodic muscular jerkings, tremblings and twitchings similar to St. Vitus's dance in human beings. The complaint is seldom noticed before the animal is three years old. Heavy cart horses are more affected than others and the complaint is not so common in the mare.

Stud	A number of horses kept for the purposes of breeding.
Stud or Herd Book	A record kept by the societies in connection with the various breeds of cattle, etc., in which particulars of the pedigree animals belonging to or bred by the members of the societies are entered.
Stud Book (The general)—Blood-stock	A register containing pedigrees of racehorses. Thoroughbred mares and their progeny whether intended for racing or not are set forth therein. The book is kept under the authority of the Jockey Club by Messrs. Weatherby & Sons.
Swine Fever, Red Soldier or Blue Sickness	Is highly infectious and of a typhoid character, the organs affected being the intestines and stomach. Pigs suffering from swine fever must be reported to the police and the animals destroyed.
Teeth (cow)	The cow has thirty-two teeth, six incisor at the bottom, two bottom canines, twelve premolars and twelve molars.
Teeth (horse)	The horse has forty teeth, twelve incisors, four canine (the mare has no canine teeth), twelve premolars and twelve molars. The teeth are fully developed at six years of age.
Tetanus or Lockjaw	The bacillus of this disease is particularly common in dust and about stables. It causes contraction of many muscles and reflex convulsions of great violence affecting the entire body. This disease is usually but not always fatal, the animal expiring from asphyxia or exhaustion.
Tracheotomy or opening into the windpipe	This operation is performed on horses when there is difficulty in breathing and in cases of roaring. An opening is made into the windpipe about twelve inches from the angle of the throat and a tube inserted. Such tube must be cleaned several times a week.
Trichomoniasis	This is a sex disease. Bulls affected with this disease do not become sterile, but transmit the disease to cows served by them. Cows so affected usually abort at a very early stage of pregnancy and in consequence the bull concerned is often mistakenly regarded as being sterile. Some affected bulls have recovered after a considerable lapse of time, but it is considered that it is more economic and satisfactory generally for affected bulls to be slaughtered.
Tuberculin Test	Tuberculin is a sterile extract of cultures of the tubercle bacillus ; being filtered, to remove all organisms, and sterilized, it cannot give tuberculosis. It can be applied either by hypodermic injection (under the skin), or by intradermal injection (into the skin). The reaction in the case of the former method consists of a characteristic rise of temperature during the ensuing twenty-four hours. In unaffected animals this rise does not take place. By the intradermal method a small dose of concentrated tuberculin

is injected into the skin, and the reaction consists of a typical oedematous thickening of the skin lasting for twenty-four to forty-eight hours after injection. Both of these methods require careful application and skilful interpretation, and in the hands of experienced veterinary surgeons they give accurate results. Other methods of applying the test are sometimes used, but are not regarded as so uniformly reliable as those given above.

**Tuberculosis,
Consumption or
Scrofula**

This disease is caused by the presence of the tubercle bacilli and in the majority of cases the lungs are most affected. The symptoms in chronic tuberculosis are wasting, bad cough, hide-bound and a yellow scruffy skin. The disease is said to be infectious by inhalation, ingestion and inoculation.

Twist or Volvulus

The twisting of two coils of intestines one over the other—a somewhat frequent and always fatal disease. It is seen most largely in Shires or the heavier types of horses and rarely in other animals.

Vegetable Poisons

There are many plants of a poisonous nature to cattle, the most common being hemlock, fools parsley, water hemlock or cowbane, water dropwort or dead tongue, deadly nightshade, foxglove, monkshood, rhododendron and yew tree.

Vegetable poisons usually prove fatal in cattle and sheep on account of the stomach compartments permitting large quantities of poisonous material to gather before the poisonous action is established, rendering treatment of little use.

**Whistlers and
High Blowers**

This is a modified form of roaring in horses and the causes are generally the same.

**Windpipe, opening
into**

See TRACHEOTOMY.

Wooden Tongue

See ACTINOMYCOSIS.

Yearling

The term applied to a colt or filly that has attained the age of one year. The term is also used with the same meaning in regard to other animals.

CHAPTER V

INSURANCE OF PRIVATE DWELLINGS

THE above title is that used by the Institute in the examination syllabus and is, in fact, more correct than the common term Householder's Comprehensive Insurance, as these policies are issued to flat dwellers and also to owners in respect of houses and flats which they do not occupy.

It is, strictly speaking, not a distinct class of business but merely a combination in one policy for convenience sake of the various covers that the insured needs.

COMPREHENSIVE INSURANCE

The advantages of comprehensive policies need not be discussed here. They are obvious, and the saving of work and expense to the companies is material.

Though the policies issued have reached very large numbers there is no doubt considerable expansion yet to come, and this may result in the virtual discontinuance of separate fire, burglary and other policies for household insurance.

These policies are issued by some companies in the fire department, by others in the accident department. This is purely a domestic matter for the companies. The premium has to be divided between the various accounts concerned, but in what proportion this is done is again a matter of domestic concern for the companies, and the division varies with individual offices.

The policy is stamped according to the cover granted, viz. 6d. in respect of the property insurance, and 6d. in respect of the indemnity against liability, making a total of 1s. In this the Revenue is the loser compared with the stamp duties which would be payable if individual policies were issued.

The business is tariff and though there are offices (and Lloyd's Underwriters) who transact the business independently they follow more or less the same lines as the tariff offices.

STANDARD FORMS OF POLICY

There are seven standard forms of policy in use according to the interest to be insured and the risks desired to cover.

<i>Interest</i>	<i>Property</i>	<i>Cover</i>
(a) House owner	Building	(1) Fire, explosion, lightning, thunderbolt. (2) Riot, civil commotion, strikes, labour disturbances or malicious persons acting on behalf of or in connection with political organizations, ex Ireland and Northern Ireland. (3) Aircraft or articles dropped therefrom. (4) Burglary and housebreaking. (5) Loss of rent. (6) Property owner's liability.
(b) House owner	Building	As in (a) above and additionally :— Storm and tempest. Bursting or overflowing of water tanks, apparatus or pipes. Earthquake. Impact by any road vehicle, horses or cattle.
(c) Flat owner	Building	As in (a) above.
(d) Flat owner	Building	As in (b) above.
(e) Occupier	Contents	Full comprehensive.
(f) Owner-occupier	Building & contents.	Building. As in (a) above, Contents. Full comprehensive.
(g) Owner-occupier	Building & contents.	Building. As in (b) above, Contents. Full comprehensive.

The two last named policies, though drawn to include building and contents, can by the necessary deletions be limited to contents only. The policies are all similar as regards terms and conditions. The form printed in this chapter is that for Owner-occupier insuring both building and contents for full comprehensive cover and is the widest in range. Comprehensive policies of this type are not issued for—

(1) Buildings and contents of boarding-houses, private hotels or schools or any buildings or the contents of those portions of buildings used for business purposes.

(2) Buildings occupied as flats except blocks of flats for which a special form of policy is provided. For this purpose a block of private flats means a block of flats providing only residential accommodation for tenants (with or without the letting office for the building), and residential accommodation includes garage accommodation for tenants but not restaurant, squash court, swimming pool

or other accommodation for social amenities contained in such block of flats.

Where there is such accommodation for social amenities not contained in the block of flats, a comprehensive policy is used for the flats but not in respect of the accommodation for social amenities.

Comprehensive policies are issued in respect of maisonettes or dwelling houses converted into flats, or of one flat the ownership of which is separate from that of other flats in the same building.

Where the contents are insured by a comprehensive policy the exclusion in a separate comprehensive policy on the building as to liability to the public in respect of accidents arising from the carrying out of alterations, additions, repairs or decorations to the premises is deleted, thus providing the same cover as if the building and contents were covered by the same policy.

It is customary to add to a comprehensive policy, for a suitable additional premium, any other insurance in connection with the insured's private dwelling that may be desired.

A proposal form is always used and the form contains a declaration which must be signed by the proposer that the sum insured in respect of the contents represents not less than the full value of the property. The total value of gold and silver articles, jewellery and furs is deemed not to exceed one-third of the full value of the contents as declared unless specially agreed.

This declaration as to full value is of the greatest importance for not only does it fix the limit on valuables to one-third of the total, but it determines the limit on any one article which is 5 per cent of the insured value of the contents.

Probably new proposers effect a policy for an amount which reasonably represents the true value. They may have only recently purchased the furniture and be all too painfully aware of what things cost nowadays, but there are thousands of policies on the books of the companies which have not been revised since they were taken out. A policy of, say, £300 on contents is quite inadequate now except for the most modest of homes and the limit it provides of £15 on a single article of jewellery quite useless.

The question of increased values applies even more forcibly to the building section of the comprehensive policy. Houses bought for £650 a dozen years ago are now fetching £2,000 and £3,000. Many policyholders are content to leave their sums insured far below the proper figure, on the assumption that prices will fall. Little imagination is necessary to overcome this delusion. One has only to witness the plainest corporation house being built at a minimum cost of £1,000 and to note the cost of such repairs as one is allowed to carry out.

This proposal and declaration forms the basis of the policy but though the declaration may be a continuing warranty, in the absence of an average clause from the policy it is difficult to apply the principle; however, the two limits—on jewellery and on any one article—probably give the companies all the protection they need.

The form of proposal varies with companies and it is better to refer the student to that used by his own company than to print one here which will probably differ, at any rate in the layout if not in essentials, but all will include a declaration as to value, and other than this there is nothing that calls for comment.

The standard forms of policy which are obligatory on all tariff companies and are followed generally by all insurers, break new ground as regards layout in that the various contingencies that are covered are set out in a schedule. The form for owner-occupier for building and contents is on page 63.

The other policies are in similar form, the schedule setting out the specific perils insured. The conditions of the policies vary slightly but there is nothing calling for special comment.

It should be observed that the arbitration clause is not necessarily the same in all the forms of comprehensive policy even when issued by the same company. This is due to the fact that in some forms the clause is standard, whereas in others the company is free to use its own particular wording.

Condition 2 is sometimes varied so as to embody a reference to insurances effected by the insured or by any other person or persons on his behalf.

The item on contents does not cover any part of the structure or ceilings or wall papers and the like.

The rates for full comprehensive cover are 2s. 3d. per cent in respect of the buildings and 5s. per cent in respect of the contents.

These rates are adjusted by a reduction of 2s. per cent on the contents if the burglary, housebreaking and larceny cover is excluded.

The cover in respect of fire, explosion, lightning and thunder-bolt may be omitted or restricted to an amount less than the total value of the building insured and the annual premium on the buildings reduced by 1s. 3d. per cent on the amount omitted.

Buildings are sometimes insured under several comprehensive policies, which are endorsed to the effect that the insured warrants that he will keep in force insurances which total the declared value of the property. This is not a practice to be encouraged and it adds to the company's expenses and may give rise to problems of interpretation, as, for example, in connection with the third party limit of indemnity.

COMPREHENSIVE INSURANCE POLICY

Whereas the Insured herein named residing at his Private Dwelling House situate as herein mentioned has by a signed proposal and declaration dated as herein stated which proposal and declaration the Insured has agreed shall be the basis of this Contract and be held as incorporated herein applied to the **INSURANCE COMPANY LIMITED** (hereinafter called the Company) for insurance against the Contingencies specified in Schedule II hereto

Now This Policy Witnesseth That in consideration of the Insured paying to the Company for this insurance the First Premium herein mentioned

The Company Hereby Agrees (subject to the conditions contained herein or endorsed or otherwise expressed hereon which conditions shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) that in the event of any of the said Contingencies happening between the dates set forth herein or in any subsequent period in respect of which the Insured shall pay to the Company and it shall accept the Premium required for the renewal of this insurance, the Company will by payment, reinstatement or repair indemnify the Insured as hereinafter provided.

SCHEDULE 1

Policy No.	The Insured
Proposal and Declaration Dated }	The Private Dwelling }

Agency	Period of Insurance	Annual Premium	First Premium
	From	Building	Building
	To	Contents	Contents
	At 4 O'clock in the Afternoon		

THE BUILDINGS

The Insured's Private Dwelling House aforesaid which is brick, stone or concrete built with slate, tile, metal or concrete roof except as specially mentioned and all the Domestic Offices, Stables, Garages and Outbuildings on the same premises and used in connection therewith including landlord's Fixtures and Fittings therein or thereon and the Walls, Gates and Fences around and pertaining thereto

For an amount not exceeding

£

Total Sum Insured

£

The total sum insured is declared by the Insured to represent not less than the full value of the aforesaid property and the total liability of the Company in respect of loss or damage thereto by all or any of the Perils specified in Schedule II hereof during any one period of insurance shall not exceed the amount stated against each item respectively or in the aggregate the above total of or such other sum or sums as may be substituted therefor by memorandum hereon or attached hereto signed by or on behalf of the Company.

THE CONTENTS

Household Goods and Personal Effects of every description (except as aftermentioned)—including Cash, Currency Notes, Bank Notes and Stamps not forming part of a Stamp Collection to an amount not exceeding £25 or five per cent of the full value of the Contents as herein declared, whichever is the less—belonging to the Insured (or for which he is responsible) or to members of his family permanently residing with him, and Fixtures and Fittings, the Insured's own (or for which he is responsible), not being Landlord's Fixtures or Fittings (No part of the structure nor ceilings, wall papers or the like are covered under Section II. A of Schedule II.)

For an amount not exceeding

£

Total Sum Insured

£

The total sum insured is declared by the Insured to represent not less than the full value of the Contents insured hereby and the total liability of the Company in respect of loss or damage thereto by all or any of the Perils specified in Schedule II hereof during any one period of insurance shall not exceed the amount stated against each item respectively or in the aggregate the above total of or such other sum or sums as may be substituted therefor by memorandum hereon or attached, hereto signed by or on behalf of the Company.

All in the Insured's Private Dwelling House aforesaid and in Domestic Offices, Stables, Garages and Outbuildings being on the same premises and used in connection therewith.

This Policy does not cover property more specifically insured or, unless specially mentioned, Deeds, Bonds, Bills of Exchange, Promissory Notes, Cheques, Securities for Money, Documents of any kind, Manuscripts, Stamp Collections, Medals and Coins, Motor Vehicles and Accessories whilst thereon, or Live Stock other than Horses.

In the event of the happening of any loss or damage occasioned by any of the perils specified in Section II. A (1), (2), (3), (4), (5) and (8) of Schedule II, no one Curio, Picture or other Work of Art shall be deemed of greater value than 5 per cent of the full value of the Contents, as above declared, and in the event of the happening of any loss or damage occasioned by any of the perils specified in Section II. A (6) and (7) of Schedule II, no one Article (Furniture, Pianos and Organs excepted) shall be deemed of greater value than 5 per cent of the full value of the Contents, as above declared, unless in each of the said cases the Article is specially insured in a separate item.

The total value of Gold and Silver Articles, Jewellery and Furs shall be deemed not to exceed one-third of the full value of the contents as above declared, unless specially agreed herein.

In Witness whereof, this Policy has been signed for and on behalf of the Company thus

SCHEDULE II

SECTION I.—CONTINGENCIES RELATING TO BUILDINGS

A.—Loss or Damage caused by any of the undermentioned perils:—

- (1) FIRE, EXPLOSION, LIGHTNING, THUNDERBOLT.
- (2) RIOT, CIVIL COMMOTION, STRIKES, LABOUR DISTURBANCES or MALICIOUS PERSONS ACTING ON BEHALF OF OR IN CONNECTION WITH ANY POLITICAL ORGANIZATION, but excluding all such loss or damage caused in Ireland and Northern Ireland.
- (3) AIRCRAFT or Articles dropped therefrom.
- (4) STORM or TEMPEST, excluding:—
 - (a) destruction or damage caused by Flood, Subsidence or Landslip,
 - (b) destruction of or damage to Fences and Gates, and
 - (c) the first £5 of each and every loss.
- (5) BURGLARY, HOUSEBREAKING, or any attempt thereat, except whilst the Private Dwelling House is left unfurnished.
- (6) BURSTING or OVERFLOWING of WATER TANKS, APPARATUS or PIPES, excluding:—
 - (a) the first £5 of each and every loss,
 - (b) destruction or damage occurring whilst the Private Dwelling House is left unfurnished.
- (7) EARTHQUAKE.
- (8) IMPACT WITH ANY OF THE SAID BUILDINGS BY ANY ROAD VEHICLE, HORSES OR CATTLE not belonging to or under the control of the Insured or any member of his family.
- (9) LARCENY or THEFT of Landlord's Fixtures or Fittings in or on the Buildings except whilst the Private Dwelling House is left unfurnished or is lent, let or sub-let in whole or in part.

SECTION II.—CONTINGENCIES RELATING TO CONTENTS

A.—Loss or Damage caused by any of the undermentioned perils:—

- (1) FIRE, EXPLOSION, LIGHTNING, THUNDERBOLT, EARTHQUAKE.
- (2) STORM, TEMPEST, FLOOD.
- (3) RIOT, CIVIL COMMOTION, STRIKES, LABOUR DISTURBANCES or MALICIOUS PERSONS ACTING ON BEHALF OF OR IN CONNECTION WITH ANY POLITICAL ORGANIZATION, but excluding all such loss or damage caused in Ireland and Northern Ireland.
- (4) AIRCRAFT or Articles dropped therefrom.
- (5) BURSTING or OVERFLOWING of WATER TANKS, APPARATUS or PIPES (excluding damage caused thereto).
- (6) BURGLARY, HOUSEBREAKING, or any attempt thereat.
- (7) LARCENY or THEFT—excluding (a) larceny or theft of Cash, Currency Notes, Bank Notes and Stamps; (b) larceny or theft from the Insured's Private Dwelling House aforesaid and Domestic Offices, Stables, Garages and Outbuildings whilst the said Dwelling House is lent, let or sub-let in whole or in part.
- (8) IMPACT WITH ANY OF THE SAID BUILDINGS BY ANY ROAD VEHICLE, HORSES OR CATTLE not belonging to or under the control of the Insured or any member of his family.

EXTENSIONS.

If and so far as the said Contents are not otherwise insured this Policy extends, except as regards property removed for sale or exhibition or to Furniture Depositories and subject in every case to the exclusions and limitations hereinbefore specified, to cover the same whilst temporarily removed but remaining in Great Britain, Ireland or Northern Ireland against—

- (1) ALL the said PERILS excluding—
 - (a) STORM, TEMPEST or FLOOD as regards property in transit or on the person, and
 - (b) LARCENY or THEFT except as aftermentioned.
- (2) LARCENY or THEFT (in respect of property other than Cash, Currency Notes, Bank Notes and Stamps)
 - (a) at any Bank, Safe Deposit or occupied Private Dwelling,
 - (b) in any building where the Insured or any member of his family is residing,
 - (c) in course of removal to or from any Bank or Safe Deposit whilst in charge of the Insured, a member of his family, or authorized servant.

The amount recoverable under these extensions in the event of loss or damage by Fire, Explosion, Lightning, Thunderbolt or Earthquake shall in no case exceed 15 per cent of the full value of the Contents as declared in Schedule I.

B.—SERVANTS' GOODS

Loss or damage caused by the said Perils to Clothing and Personal Goods (other than Cash, Currency Notes, Bank Notes and Stamps) of the Insured's Domestic Servants and so far as such property is not otherwise insured whilst in the Insured's Private Dwelling House aforesaid or any Private Dwelling, Boarding House, Lodging House, Hotel or Inn in Great Britain, Ireland or Northern Ireland in which such Servants are residing with the Insured or any member of his family as aforesaid.

C.—DAMAGE TO MIRRORS

Damage to Mirrors by breakage thereof whilst in the Insured's Private Dwelling House aforesaid.

SECTION III.—OTHER CONTINGENCIES

A.—LOSS OF RENT

Loss of rent in respect of the Insured's Private Dwelling House aforesaid and reasonable additional expense necessarily incurred by him at an Hotel, Lodging House or Boarding House in consequence of the said Private Dwelling House being so damaged by any of the Perils specified in Section II. A. as to be rendered uninhabitable but only in respect of the period necessary for re-instatement and not exceeding—

- (1) in respect of rent 10 per cent of the full value of the Buildings as declared in Schedule I, and
- (2) in respect of said expense 10 per cent of the full value of the Contents as declared in Schedule I.

B.—DAMAGE TO UNDERGROUND WATER PIPE

Accidental damage to the underground water pipe extending from the Insured's Private Dwelling House aforesaid to the public water main.

C.—ACCIDENTS TO SERVANTS

Liability at law for damages and claimants' costs and expenses in respect of bodily injury or disease caused during the continuance of this Policy to any Domestic Servant (including grooms, coachmen and gardeners and temporary and occasional employees but not chauffeurs) whilst in the employ of the Insured in connection with the Insured's Private Dwelling House aforesaid or any temporary residence in Great Britain, Northern Ireland or the Isle of Man. The Company will pay in addition all costs and expenses incurred with its written consent.

EXTENSION OF BENEFITS

In the event of an accident arising out of and in the course of employment to any such Domestic Servant (other than a temporary or occasional employee) in respect of which an injury benefit becomes payable under the National Insurance (Industrial Injuries) Acts, the Company will pay to the Insured

- (i) the difference between the said injury benefit and full wages during the first 13 weeks of disablement in respect of which such injury benefit becomes payable,
- (ii) the cost of board and lodging during the first 13 weeks of disablement not exceeding 20/- per week,
- (iii) reasonable medical and surgical expenses incurred in connection with such accident but not exceeding £5 in respect of any such accident.

D.—LIABILITY TO THE PUBLIC

Claims made on the Insured—

- (a) as owner of the said Buildings in respect of accidents happening during the continuance of this Policy directly caused by any defect in the Buildings aforesaid or in the Landlord's Fixtures and Fittings or in the Walls, Gates, Fences and Trees around and pertaining thereto,
- (b) as a private householder occupying the Private Dwelling House aforesaid in respect of accidents happening in or about the Buildings aforesaid during the continuance of the Policy,

resulting in—

- (1) Bodily injury to any person not being a member to the Insured's family or household nor at the time of sustaining such injury engaged in the service of the Insured,
- (2) Damage to property not belonging to or in the charge or under the control of the Insured or of a member of his family or household or of a person in his service.

Provided always that the amount payable hereunder in respect of any one accident or series of accidents constituting one occurrence shall not in any case exceed the sum of £25,000 in addition to—

- (a) Costs and expenses recoverable from the Insured by any claimant provided such costs and expenses were incurred before the date (if any) on which the Company shall have paid or offered to pay either the full amount of the claim or the total amount recoverable in respect of any one occurrence as hereinbefore provided,
- (b) Costs and expenses incurred by the Insured with the consent of the Company.

Claims are excluded—

- (i) In respect of injury or damage arising out of or incidental to the Insured's profession or business or the use of lifts or vehicles,
- (ii) In respect of liability arising out of any contract of indemnity which imposes upon the Insured liability which the Insured would not otherwise have been under.

In the event of the death of the Insured the Company will in respect of the liability incurred by the Insured indemnify the Insured's personal representatives in the terms of and subject to the limitations of Section III. D, provided that such personal representatives shall as though they were the Insured observe fulfil and be subject to the terms, exceptions and conditions of the Policy so far as they can apply.

For the purposes of Section III. D, the expression "the Insured" shall be deemed to include the husband or wife of the Insured.

E.—COMPENSATION FOR DEATH OF THE INSURED

In the event of fatal injury to the Insured occurring in his Private Dwelling House aforesaid occasioned by outward and visible violence caused by Burglars or Housebreakers or Fire the Company will pay the sum of £1,000 or one half of the full value of the Contents as declared in Schedule I, whichever is the less provided death ensues within three calendar months of such injury. The liability of the Company under this item during any period of insurance is limited to the said sum of £1,000 or one half of such full value whichever may be the less.

CONDITIONS

1. This Policy does not cover any contingency (other than Accidents to Servants under Section III. C of Schedule II.):—
 - (a) Occasioned by or happening through War, Invasion, Act of Foreign Enemy, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Insurrection or Military or Usurped Power.
 - (b) In Ireland and Northern Ireland—occasioned by or happening through Riot or Civil Commotion.
2. If at the time of any loss damage or liability arising under this Policy there shall be any other insurance covering such loss damage or liability or any part thereof the Company shall not be liable for more than its ratable proportion thereof.
3. (a) The Insured shall on the happening of any loss or damage to the Property insured give immediate notice thereof in writing to the Company and shall at his own expense within Thirty Days after the happening of such loss or damage deliver to the Company a claim in writing with such detailed particulars and proofs as may be reasonably required. If the Company elect or become bound to reinstate any building the Insured shall furnish to the Company all such plans, specifications and quantities as the Company may reasonably require. In the case of loss or damage by burglary housebreaking larceny theft or any attempt thereof he shall also give immediate notice to the Police.
- (b) The Insured or his legal personal representative shall give immediate notice of any injury likely to give rise to a Claim under Section III. E of Schedule II. and shall on receiving notice of any accident or claim arising under Section III. C or D of the said Schedule give immediate notice thereof in writing to the Company and shall supply full particulars thereof in writing and shall send to the Company any writ summons or other legal process issued or commenced against the Insured and shall give all necessary information and assistance to enable the Company to settle or resist any claim or to institute proceedings.
- (c) The Insured shall not incur any expense in making good any damage without the written consent of the Company and shall not negotiate pay settle admit or repudiate any claim without the like consent.
4. The Company shall be entitled—
 - (a) On the happening of any loss of or damage to the Property insured to enter any building where the loss or damage has happened and to take and keep possession of the Property insured and to deal with the salvage in a reasonable manner and this Policy shall be proof of leave and licence for such purpose. No Property may be abandoned to the Company.
 - (b) To undertake in the name and on behalf of the Insured the absolute conduct control and settlement of any proceedings and to take proceedings at its own expense and for its own benefit but in the name of the Insured to recover compensation or secure indemnity from any third party in respect of anything covered by this Policy.

5. If any Claim under this Policy shall be in any respect fraudulent or if any fraudulent means or devices are used by the Insured or anyone acting on his behalf to obtain any benefit under this Policy all benefit thereunder shall be forfeited.
6. All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or, in case the Arbitrators do not agree, of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings, and the making of an Award shall be a condition precedent to any right of action against the Company. After the expiration of one year after any loss or damage the Company shall not be liable in respect of any claim therefor unless such claim shall in the meantime have been referred to arbitration.

MEMORANDUM.—If at the time of loss or damage to any building hereby insured the Insured shall have contracted to sell his interest in such building and the purchase shall not have been but shall be thereafter completed, the purchaser on the completion of the purchase, if and so far as the property is not otherwise insured by or on behalf of the purchaser against such loss or damage, shall be entitled to the benefit of this Policy so far as it relates to such loss or damage without prejudice to the rights and liabilities of the Insured or the Company under this Policy up to the date of completion.

Where the contents are in a dwelling forming part of premises which are rated at more than minimum rates, a higher rate is charged. If any part of the dwelling is occupied otherwise than for private residential purposes, it is usual to exclude loss or damage by larceny of the contents of that part of the dwelling which is not occupied solely for private residential purposes. In the case of private dwellings otherwise occupied by the insured for professional purposes, this exclusion is waived upon payment of an additional premium of 6d. per cent on the full value of the contents, with a maximum of 5s.

Where living rooms are combined with shop premises, advantage is not always taken of the comprehensive policy, cover frequently being limited to fire only or fire and burglary only to correspond with the cover of the shop portion. Most companies will issue the usual comprehensive policy for the household goods subject to the exclusion of the larceny risk.

If the total value of gold and silver articles, jewellery and furs exceeds one-third of the declared full value of all the contents an extra premium at the rate of 6s. per cent is charged on the excess in addition to the premium on the declared full value, and the policy is endorsed to cover this excess of valuables. There are, as is well known, two schools of thought as to the correct method of calculating the premium for "excess jewellery" but the above has now been made the rule.

The following is the wording of the endorsement used—

In consideration of an additional premium of £... it is hereby agreed and declared that the limit of value applicable to Gold and Silver Articles, Jewellery and Furs included in the full value of the Contents as above declared is increased to £.....

Property insured under "All Risks" policies may be excluded from the insurance, and in such case its value need not be computed

in reckoning the full value of the contents. It will be noted that the description of contents in the schedule embodies an exclusion of property more specifically insured.

Although the extensions are limited to 15 per cent in respect of certain perils, the policy may grant cover in respect of gold and silver articles and jewellery whilst in insured's private dwelling or in any specified bank or safe deposit (not being part of a furniture depository) without prejudice to the amount otherwise recoverable under the 15 per cent extension, provided that such articles are insured in a separate sum and included in the declared full value of the contents.

The endorsement generally used is on the following lines—

Special Extension. Anything in the Extensions in Section 2 A of the policy to the contrary notwithstanding it is hereby declared and agreed that the insurance extends to the property specified below (which property is included in the Full value of the Contents as above declared) whilst removed from the Insured's private dwelling aforesaid and deposited for safe custody in but the amount recoverable under the said Extensions shall not be less than if this Special Extension had not been granted.

Property referred to in this Special Extension	For an amount not exceeding
£	£
£	£
£	£

The limit of £25,000 in respect of liability to the public or property owner's liability is sufficient for all normal requirements. It may, however, be increased on payment of an additional premium according to the limit required. In the case of an owner-occupier insurance, cover unlimited in amount will be granted at the appropriate premium.

Personal effects of visitors and deeds, bonds, bills of exchange, promissory notes, cheques, securities for money, stamp collections, documents of any kind, manuscripts, medals, coins and live stock (other than horses) may be included by a separate item at a rate not less than that for the contents.

The exclusion of cover in respect of larceny and theft from the private dwelling and domestic offices, stables, garage and out-buildings whilst the dwelling or any part thereof is lent, let or sublet is waived in suitable cases.

In the present acute house shortage it is often the case that (1) a portion of the house has been let-off furnished or unfurnished, or (2) the house has been divided into furnished or unfurnished flats, or (3) relatives or friends are sharing the same house.

Strictly speaking the policy is invalidated if the insured has failed (as usually happens) to notify his insurance company of such alteration for he has signed to the effect that "the house is

self-contained and exclusively under his control." Yet companies view these matters with their usual tolerance.

In the case of (1) larceny cover is always excluded. In the case of (2) if the insured occupies one flat and it is self-contained the normal comprehensive policy can be issued for that particular flat. As regards flats let off furnished most companies prefer to limit cover to fire and burglary only. As to (3) larceny is not generally excluded where close relations are concerned but it is often overlooked that a married son or daughter is not a "member of the family" and a separate policy should always be effected.

On receiving notice of any specific occasion the company will extend larceny and theft cover without extra charge to property (other than cash, currency notes, bank notes and stamps) whilst in transit to and from any occupied private dwelling for safe custody.

The policy limits the value of any one article (furniture, pianos and organs excepted) not specially insured in a separate item to 5 per cent of the declared full value of the contents. If desired the policy may be amended to provide that in respect of any loss or damage occasioned by any of the perils specified in Section II A (1), (2), (3), (4), (5) and (8)—(6) and (7) relate to burglary, housebreaking, larceny and theft—no one curio, picture or other work of art shall be deemed of greater value than 5 per cent of the full value of the contents, and in the event of loss or damage occasioned by the perils specified in Section II A (6) and (7) no one article (furniture, pianos and organs excepted) shall be deemed of greater value than 5 per cent of the full value of the contents unless the article is specially insured in a separate item.

The exclusion of the first £5 in respect of damage to building caused by overflowing of water tanks, etc., may be omitted on payment of an additional premium of 5s.

The amount recoverable in respect of loss of rent, but not additional expense, may be increased by endorsement, subject to the amount of the increase being shown as an additional item, on payment of extra premium.

Provided that the buildings are insured for full value the policy may insure separate sums in respect of each or any of the buildings.

Where two or more private dwelling houses are insured under one policy the following clause is inserted in the policy—

It is hereby declared that the limitations and exclusions contained herein apply separately to each Private Dwelling House including Domestic Offices, Stables, Garage and Outbuildings (used in connection therewith) in the same manner as if each had been insured under a separate policy.

A similar clause is inserted in policies insuring two or more blocks of flats with their respective domestic offices and private

garages, whether or not the blocks are on the same premises and used in connection with one another.

Personal effects of visitors in so far as they are not otherwise insured may be insured whilst in the insured's dwelling by a separate item which is not taken as part of the declared value at the same rate as charged for the ordinary contents.

Where two or more persons are named as the "the insured" the amount recoverable in respect of "compensation for death of the insured" is limited to a proportionate part of the sum insured or one more of the persons insured may be nominated as the person or persons to be covered.

The endorsements used are on the following lines—

(1) *When the insurance is to cover all the insured—*

MEMO. COMPENSATION FOR DEATH OF THE INSURED

It is hereby declared and agreed that each of the within named Insured shall for the purposes of the insurance by Section 3 Sub-Section E of this policy be deemed to be insured against fatal injury as therein provided to an amount not exceeding (insert fraction according to the number of persons who are deemed to be insured under Sub-Section) of the total sum insured under the said Sub-Section.

(2) *When one of the insured is nominated—*

MEMO. COMPENSATION FOR DEATH OF THE INSURED

It is hereby declared and agreed that for the purposes of the insurance by Section 3 Sub-Section E of this policy the within named .. shall alone be deemed to be insured against fatal injury as therein provided.

(3) *When more than one insured, but not all are to be covered—*

MEMO. COMPENSATION FOR DEATH OF THE INSURED

It is hereby declared and agreed that for the purposes of the insurance by Section 3 Sub-Section E of this policy the within named .. and .. shall alone be deemed to be insured against fatal injury as therein provided each to an amount not exceeding . . . of the total sum insured under the said Sub-Section.

Long term comprehensive policies on contents are not issued, no policy being granted for more than 12 months plus odd time to bring it to a quarter day.

Breakage of glass in windows, doors and fanlights can be included at a nominal premium, usually 10s. per cent on the assessed annual rental. Many insurers, however, prefer to issue a separate glass policy.

The storm, tempest and flood cover which is proving so valuable to insured in the strange vagaries of our climate differs somewhat as between buildings and contents.

As regards buildings the policy covers loss or damage by storm and tempest excluding—

(1) Destruction or damage caused by flood, subsidence or landslip.

(2) Destruction of or damage to fences and gates.

(3) The first £5 of each and every loss.

As regards contents the policy covers loss or damage by storm, tempest and flood, excluding property in transit or on the person.

As regards the contents cover the exclusions do not give rise to any difficulties. The cover is limited to indoor risks—a very reasonable stipulation.

As regards buildings the most important limitation is the exclusion of the first £5. But for this the company would be faced with a multitude of small claims such as for the loss of a single tile. Most policyholders appreciate the reasonableness of this stipulation. A private property owner expects a periodical outlay in the way of repairs and renovations and budgets accordingly, and is normally concerned to be protected only against unforeseen happenings of a more serious nature.

This excess may be removed, however, on payment of an additional premium of £1, but the demand for this modification is not large and owners generally are quite content to be responsible for the first £5 of the damage provided they are relieved of liability for the balance of the cost.

The exclusion of fences and gates sometimes causes some perturbation. All timber deteriorates with the weather ; some kinds withstand the elements much better than others, but whatever the wood, ultimately it will be affected and sooner or later it will decay and fall. To cover such a recurring expense would hardly be an insurable proposition.

The risks of flood, subsidence and landslip are excluded and this is a limitation which undoubtedly does fall very hardly at times upon many property owners. Floods are very destructive to property—foundations may be disturbed, walls weakened, causing total or partial collapse, or other serious structural defects may result. Considerable slime and silt is left after the water subsides, ruining decorations and plaster work.

Many companies are prepared to insure against flood but before a proposal is accepted full investigation is made regarding the nature of the surrounding country with particular reference to the proximity of any rivers, canals, reservoirs or other waterways and whether any previous floods have occurred.

The comprehensive policy applies only to the insurance of the building and contents of private dwellings, but insurance against storm and tempest is often asked for in respect of business premises and contents.

Another aspect of storm damage is the liability which may be incurred for injury or damage to the persons or property of third

parties arising out of the consequences of the storm. Trees or branches may be blown down or slates, tiles, chimney pots, guttering or other parts of the building may be dislodged. It is true that the defence of *vis major* can frequently be pleaded but the third party may be able to prove defect or negligence. The indemnity afforded by the policy is a very valuable one and the limit of £25,000 can be increased if desired on payment of an additional premium.

There is little that need be said about the practice. As a rule a separate series of policy numbers is allocated to these insurances and the policies are issued by the fire or accident department according to the domestic arrangements of the particular office. In some cases the insurances are dealt with by a separate department specially organized for the purpose.

The claims are usually dealt with by the departments concerned, the fire and kindred claims by the fire loss department, and the other claims which fall within the all embracing term "accident claims" by the accident claims department. The object in dividing the claims in this way is in order that they may be dealt with by expert hands.

Separate statistics are usually kept for this class in respect of the various divisions of the cover.

CHAPTER VI

CONTINGENCY INSURANCE (PROPERTY)

BREACH OF COVENANT

THE proposals submitted under this heading sometimes relate to a breach of covenant that has already occurred, and sometimes to a breach that it is proposed to commit, in respect of which the owner wishes to safeguard himself before taking this step.

When land is in course of development for building purposes, it is common for the vendor to make certain stipulations as to the use of the buildings and individual plots. These may prohibit anything other than private residences ; and shops, factories and licensed trades may be barred. It sometimes happens that the owner of property held under these conditions finds that it is in his interest to disregard the restriction which may seem to have been imposed with a view to circumstances no longer applying, and it may be expected that owing to the change in the character of the neighbourhood no objection will be raised. Before expending money, the owner may desire to insure himself against loss by reason of the breach of covenant, or he may have breached the covenant and when he comes to sell the property the question of the covenant may be raised by the purchaser.

The volume of this business has been considerably reduced since the passing of the Law of Property Act, 1925, which provides a remedy for this state of affairs in certain cases.

Power to discharge or modify restrictive covenants affecting land is given by the Law of Property Act, 1925, Sect. 84, which provides that the authority, viz. one or more of the official arbitrators appointed for the purposes of the Acquisition of Land (Assessment of Compensation) Act, 1919, as may be selected by the Reference Committee under that Act shall (without prejudice to any concurrent jurisdiction of the Court) have power on the application of any person interested in any freehold land affected by any restriction arising under covenant or otherwise as to the user thereof or the building thereon by order wholly or partially to discharge or modify any such restrictions (subject or not to the payment by the applicant of compensation to any person suffering loss in consequence of the order) on being satisfied—

(a) that by reason of changes in the character of the property or the neighbourhood or other circumstances of the case which the

authority may deem material, the restriction ought to be deemed obsolete, or that the continued existence thereof would impede the reasonable user of the land for public or private purposes without securing practical benefits to other persons, or, as the case may be, would unless modified so impede such user ; or

(b) that the persons of full age and capacity for the time being or from time to time entitled to the benefit of the restriction, whether in respect of estates in fee simple or any lesser estates or interests in the property to which the benefit of the restriction is annexed, have agreed, either expressly or by implication, by their acts or omissions, to the same being discharged or modified ; or

(c) that the proposed discharge or modification will not injure the persons entitled to the benefit of the restriction.

Provided that no compensation shall be payable in respect of the discharge or modification of a restriction by reason of any advantage thereby accruing to the owner of the land affected by the restriction unless the person entitled to the benefit of the restriction also suffers loss in consequence of the discharge or modification, nor shall any compensation be payable in excess of such loss, but this provision shall not affect any right to compensation where the person claiming the compensation proves that, by reason of the imposition of the restriction, the amount of the consideration paid for the acquisition of the land was reduced.

The Court shall have power on the application of any person interested—

(a) to declare whether or not in any particular case any freehold land is affected by a restriction imposed by any instrument ; or

(b) to declare what upon the true construction of any instrument purporting to impose a restriction is the nature and extent of the restriction thereby imposed and whether the same is enforceable and if so by whom.

The authority shall, before making any order under this section, direct such enquiries if any to be made of any local authority and such notices, if any, whether by way of advertisement or otherwise, to be given to such of the persons who appear to be entitled to the benefit of the restriction intended to be discharged, modified, or dealt with as having regard to any enquiries, notices or other proceedings previously made, given or taken, the authority may think fit.

The Reference Committee is empowered to make, and has made rules in relation thereto, and has prescribed the fees payable.

Where a term of more than seventy years is created in land (whether before or after the commencement of this Act) this section shall, after the expiration of fifty years of the term, apply to

restrictions affecting such leasehold land in like manner as it would have applied had the land been freehold.

The reason for postponing power to apply to discharge restrictive covenants in leases till after fifty years is probably because after that time the neighbourhood may have changed and they may no longer be required.

The section does not apply to mining leases.

It will thus be seen that the Act has taken away a good many cases where an indemnity might have been asked for by providing a means whereby the matter can be adjusted.

All cases, therefore, in which it would be possible to use the machinery provided by the Act should be looked at very carefully, if not declined forthwith.

Cases where an indemnity is sought because it may be cheaper than taking legal proceedings are, as a rule, to be avoided.

There may, however, be cases where it is not possible to take advantage of the Act, and proposals may sometimes be accepted after careful scrutiny and survey. Apart from the relief obtainable under the Act, restrictive covenants might not be enforceable in certain cases, e.g. where the character of the neighbourhood has changed, where there has been acquiescence or where the covenantee has disposed of all his land. It must nevertheless be borne in mind that covenants of this class inure for the benefit not only of the original vendor and his successors, but also for other purchasers on the same estate if they have bought under the same conditions in such a way as to constitute the covenants a part of a general building scheme.

Moreover anyone seeking to enforce the covenants would not necessarily have to show any direct loss to himself or damage to his property, and in many cases he would be entitled to sue for an injunction without proof of special damage so that the scales are somewhat weighted in favour of a vindictive neighbour or one capable of holding more progressive folk to ransom.

When the case is one where the breach has already taken place the risk is sometimes better, especially if the breach occurred some time back and nothing has happened in the meantime. There is, of course, the chance, or perhaps we should say the hope, that nothing will be heard and in this respect the risk improves as the years go on.

Indemnities are asked for in the following circumstances in connection with the sale of leasehold properties, usually large houses, held for terms of ninety-nine years. The proposer on acquiring the property undertook to safeguard the vendor against future liabilities under the covenants of the lease, and on subsequently parting with the property he obtained a similar undertaking from his purchaser. The financial position of the proposer may be such as to leave no doubt

about the value of the covenants he has himself entered into, but he may feel less assured in regard to the enforceability of the obligation of his purchaser and he may be willing to pay a single premium for insurance against the risk of having to pay without effectual recourse.

Particularly is this so in the case of a personal representative who although acting only in that capacity and not as beneficial owner of the property, may become personally responsible to the reversioner because, by entering into possession of the property, he establishes privity of estate.

The nature of the liability necessarily depends on the terms of the lease, but as a rule it will consist of an obligation to pay rent, to repair the property, to maintain a fire insurance policy, and in case of destruction to rebuild.

In the event of some default by the owner for the time being of the lease, the freeholder can take proceedings under the covenant and such owner is bound to perform the covenant in order to protect himself and maintain his right to possession.

The nature of the various liabilities must be considered in assessing the risk. The rent reserved by the lease may be so low that no changes of position or market within the bounds of possibility will be such as to deprive the property of a rental value far exceeding the ground rent. Moreover the freeholder's remedy by distraint can still be relied upon to some extent as affording protection to intermediate owners.

The liability for dilapidations, i.e. breaches of covenant to repair, is more serious because the lapse of time and natural deterioration and decay render more serious the consequences of neglect, and old buildings inevitably require greater expenditure than modern structures.

Circumstances may result in a house having a much greater rental value in its old age than at the time of its erection, and this has been very obviously the case in the City and business parts of London, but, apart from such special circumstances, it will usually be found that the whole of the residential property in a neighbourhood is of approximately the same age, and as this becomes old-fashioned and out of date the people of means who occupied the houses when they were new have migrated to fresh centres, and once fashionable houses or entire districts are let in apartments or lodgings with consequential depreciation of rental values all round. Simultaneously the structures are wearing out, the cost of repairs is mounting up, and the freeholder is entitled to enforce the terms of the lease. An indemnity against even a contingent liability for dilapidations, therefore, involves a very serious risk.

The liability in connection with fire may be thought less onerous. On the one hand fire may never happen, whereas dilapidations are bound to accrue, whilst on the other hand the owner of a lease who will let the house get into thorough disrepair will maintain an effectual fire insurance. In addition to this the ground landlord is entitled to insist on insurances being effected with a designated office, and he obtains advice of the renewal of the fire policies, so as to ensure that no property lacks this protection.

Cases may be met with where a proposal for insurance against liability for dilapidations must be declined but the proposer desires to be covered against the catastrophe risk in connection with fire.

There is a final point of a technical nature that must be considered. The freeholder, besides having a right of re-entry for breach of covenant, has a personal remedy against the owner for the time being of the lease and against the original lessee, the latter remaining bound for the whole length of the term under the original covenants entered into in the lease. On parting with the lease the original lessee must be assumed to have obtained from the first transferee an express or implied covenant to pay the rent and perform the covenants in future, and in the same way the first transferee will have obtained this covenant from a second transferee who in turn should be protected by the third transferee. If an indemnity insurance is required by the second transferee, it will not be against claims made direct on him by the freeholder because the freeholder has no direct right, but must pursue his claim against the original lessee, who in turn can bring in the first transferee. If the original lessee or first transferee cannot be traced and sued, then the second transferee will go free though his identity and the nature of his interest may be well known. Any break in the continuity of the chain of covenants between the original lessee and the known transferee will in effect absolve the latter, provided the lease is not vested in him when a claim arises, and the difficulty of establishing a complete chain after the lapse of many years may prove to be an important factor in considering a proposal for insurance.

Another class of case is that in which the intending purchaser or mortgagee of a house finds that it is held under a lease at an undivided rent or subject to unapportioned covenants. There may be many houses in one head lease, but the simplest case is where the lease comprises a pair and in practice the owner of each house pays half the rent and sees to the repairs and full insurance of his own property. The desire for indemnity arises on account of the risk that the owner of one house may make default, and that if this should happen there would be a right vested in the freeholder to re-enter on the whole of the property, i.e. both the houses comprised in the lease, and to

eject not merely the owner in default but also the owner of a house in respect of which no default has been made. To a great extent the same considerations will apply to a proposal of this kind as have already been discussed in connection with rent, dilapidations and the fire peril. In one way, however, there seems to be a greater hazard because in the cases previously considered the liability of the proposer is contingent firstly upon default on the part of the lessee in possession and secondly upon the ability of the landlord to trace the original lessee and for him and subsequent lessees to establish the chain of succession, whereas in this case it is only necessary for one of the joint lessees to default in order to give the landlord a direct right against the other joint lessee. By producing proof of breach of covenant and serving the notices required by the Law of Property Act, the landlord can proceed against the persons actually in possession and obtain a judgment of ejection.

It is therefore possible to regard this class of business as reasonably safe and satisfactory only in a very small minority of cases where the margin is great and the value of the leasehold interest very high.

MORTGAGE INSURANCE

This is a class of business which is at present suffering an eclipse. No company appears to be writing it at present. Out of this class sprang building society indemnity which is merely mortgage insurance of a particular kind and even this is being written very sparingly at present.

At one time there was a reasonable market for the business. The Liverpool Mortgage Insurance Company Ltd. was formed as far back as 1888. The Law Guarantee & Trust Society Ltd., which went into liquidation in 1909, wrote the business freely.

In theory, to guarantee the repayment of a loan secured on, say, a freehold hotel and representing only 60 per cent of its value does not disclose any great likelihood of a loss, but in practice it proved very different and the business usually produced a loss; hence its discontinuance.

Many of the insurance companies have large sums invested in mortgages and presumably they would not continue to advance money on this class of security if heavy losses materialized. If, therefore, this is profitable it is difficult to see why they should not be equally successful with the insurance of mortgages, and one is driven to the conclusion that those cases where an insurance is asked for are not of the same high standard as those in which they invest their own funds.

It is quite unnecessary here to attempt anything in the way of an exposition of the law of mortgages. The question of the title to the property and the drawing of the necessary deeds are matters which are always left to solicitors, and they would advise as to the rights and obligations arising.

A mortgage is in simple words a kind of pledge. Money is raised on the security of the property the physical possession of which—and this distinguishes a mortgage from a pledge—remains in the hands of the borrower who has the right, on giving proper notice, to repay the loan with interest to date and so free his property. This is called the right of redemption.

The proposal forms the basis of the contract but the main source of information is the surveyor's report, usually furnished by an independent expert and not by an official of the company. It should extend not merely to the value of the actual property but to the suitability or otherwise for the purpose for which it is used, the neighbourhood and its possibilities, and the possibilities of successfully adapting the property to other uses.

The title should be investigated by the company's solicitor.

The premium is an annual one. The procedure as to renewals, accounts and so on follow the general accident practice.

The claims require individual treatment and often call for expert assistance.

If the cause of the trouble is personal—bad management, excessive personal expenditure—and there is nothing fundamentally wrong with the property, then a little course of careful management by the company, either direct or by an estate agent appointed by them, will soon put matters right.

If, however, the cause of the trouble goes deeper—the premises prove unsuitable entailing heavy working expenses, the district changes owing to shifting of the population or migration of trade—then the problem is more difficult. The circumstances which brought about the trouble probably operate generally and render it unlikely that the property can be realized to advantage. In such a case the company may either—

(a) sell the property and make up any balance ; or

(b) pay off the mortgage, take a transfer of the property in the hope of nursing it back to prosperity and so ultimately recoup their loss.

Nursing property for a favourable sale is an expensive business and often a very disappointing one. It is often better to cut the loss and have done with it, but the temptation to hang on and try and nurse it back to prosperity is very great. Probably it was the properties taken over which brought about the unpopularity of mortgage

insurance. The companies found themselves burdened with a good many properties which showed very little hope of a profitable sale and were a continual drain for repairs, rates and taxes and other outgoings, and, after all, estate management is not the business of an insurance company.

A form of policy is appended.

MORTGAGE INSURANCE POLICY

Policy No.	Annual Premium £
Sum Insured £	Payable —

WHEREAS (hereinafter called the Insured) is entitled to the sum of £ payment of which with interest at the rate of per cent per annum is secured by a mortgage dated the day of 194 and made between the Insured and upon the property described in the schedule hereto.

AND WHEREAS the Insured has made to the Insurance Company Ltd. (hereinafter called the Company) a proposal dated the day of 194 for guaranteeing the said mortgage and interest which proposal contains full particulars of the said mortgage and is deemed to be incorporated in this policy and it is agreed that the said proposal shall be the basis of this policy.

AND WHEREAS the Insured has paid to the Company the sum of £ as the first premium for guaranteeing the said mortgage debt and interest for one year from the day of 194

NOW THIS POLICY WITNESSETH that the Company agrees with the Insured (subject to the following conditions) that if the Insured shall become entitled under the power of the sale conferred by the said mortgage Deed or otherwise to sell the mortgaged property and shall give notice in writing thereof to the Company while this policy is in force the Company will after the expiration of six calendar months from the receipt by the Company of a claim in writing by the Insured requiring payment pay to the Insured the principal money for the time being due under the said mortgage with any interest thereon at the minimum rate which would have been or be payable if the interest were punctually paid under the said mortgage for any period not exceeding twelve calendar months preceding the date of the receipt of the claim and with subsequent interest up to the day of the payment at the same rate.

CONDITIONS (IN OUTLINE)

1. Policy to continue in force on payment of annual premium. Company may give six months' notice to terminate.
2. Policy to cease if property passes from the insured otherwise than by Will or operation of law.
3. Insured to give notice to the Company if the removal of any licence attached to the mortgaged property is objected to and give the Company all such information as they may require in respect of the property.
4. The Insured to give notice to the Company whenever a power of sale becomes exercisable.
5. The Insured to give notice before offering property for sale.
6. Claim to be in writing. If property depreciates by fire or through any act or omission of Insured the amount payable by Company to be reduced accordingly.
7. The Company may within three months after receipt of claim insist on property being sold.
8. *Pro rata* clause.
9. Subrogation clause.

10. The Insured to do all necessary acts to enable the Company to enforce rights.

11. Failure to do acts required renders policy void.

12. Arbitration clause.

13. Notices to the Insured may be by registered post.

In witness whereof this policy has been signed this day of 19

Accident Manager.

CANCELLABLE LEASES

Proposals are sometimes made for an indemnity in respect of the exercise of a landlord of his option to cancel a lease. The cases generally arise in circumstances such as these. British Railways let shops and office premises in a station approach or yard, but reserve the right to terminate the leases should the premises be required for the extension of the railway.

These shops are generally very good trading sites and are sought after, but shopkeepers who have put in an expensive shop front and fittings may be faced with a heavy loss if they are suddenly compelled to vacate the premises, and wish to be indemnified against the risk.

Having decided exactly what cover to grant, whether it should be limited to the loss occasioned by the sale of the stock and fittings, or whether it should cover the cost of removal to other premises and any increased rent which may have to be paid, the question to be decided is what is the chance of the Railways requiring the premises.

Any idea of the Railways exercising their option in an arbitrary way can be ruled out. Railway companies in the past have not done that sort of thing, but the increase of traffic may necessitate extension. There may have been nothing of the sort in mind at the time of granting the lease, but with our rapidly growing towns a few years may change the picture completely. It is really pure guess work, and one guess is as good as another, but we incline to the guess of an insurance man who is taught to be cautious.

LAND AND PROPERTY REGISTERS

There are many indemnities required by local authorities in respect of liability they may incur in carrying out the provisions of the—

Land Charges Act, 1925,

Law of Property (Amendment) Act, 1926.

Town and Country Planning Act, 1947,

Town and Country Planning (Scotland) Act, 1947.

These Acts provide for the keeping of registers in which are entered various particulars relating to the land within their area, and the indemnity is required under one or more of these Acts against

loss which they or the Registrar, who is one of their officials may sustain arising from errors or omissions with regard to such registers or to certificates or notices issued pursuant to the Acts.

The companies have agreed on policy wordings and rates. Each risk is rated individually according to the amount of fees received by the authority and the amount of indemnity required.

The following are specimen wordings of the proposal form and policy—

PROPOSAL FORMS

LAND CHARGES ACT CERTIFICATE INDEMNITIES

(Land Charges Act, 1925, the Law of Property (Amendment) Act, 1926, and the Local Land Charges Rules, 1934.)

1. Name and Address of Registrar	
2. Name of Local Authority	
3. Amount of fees received during past 12 months	£
4. Amount of indemnity required	£ any one claim. £ in all.
5. Give particulars of any claims made against the Registrar or a previous Registrar and/or the Local Authority	
6. Are you aware of any error or omission or the existence of any circumstances which could give rise to a claim?	
7. (a) Has any proposal for an Indemnity of this description ever been submitted by you to any Company or Underwriters? If so, please state name and with what result ..	(a)
(b) Has any renewal ever been declined or not invited or policy cancelled? ..	(b)
(c) Has any increased rate of premium ever been required, or have special conditions been imposed?	(c)

I declare that the above statements and particulars are true and agree that this proposal and declaration shall be the basis of the contract between the Registrar, the Local Authority above-mentioned and the

INSURANCE COMPANY LIMITED.

Date 194 Signature of Registrar on his own behalf and on behalf of the Local Authority

LAND CHARGES ACT POLICY

WHEREAS

(hereinafter called "the Insured") and the

(hereinafter called "the Local Authority") by a proposal which they have agreed shall be the basis of this Contract and be considered as incorporated herein, have applied to the Insurance Company Limited (hereinafter called "the Company") for the insurance hereinafter contained, and have paid or agreed to pay to the Company a premium as consideration for such insurance for the period commencing on the .., 19 .. and ending on the .., 19 ..

NOW THIS POLICY WITNESSETH that in consideration of the first premium above mentioned and of the premium for any subsequent period in respect of which the Company may agree to accept a renewal premium:—

The Company will subject to the conditions contained herein or endorsed hereon which shall be considered as incorporated herein and forming part hereof indemnify the Insured

and/or the Local Authority from and against any loss or claim due to arising from or in consequence of any act default neglect entry error or omission of the Insured as Registrar as aforesaid or of any Officer or servant of the Insured or the Local Authority done made or suffered in regard to the Register of Local Land Charges or any part thereof (including the Index Map) kept by the Insured in pursuance of the Land Charges Act, 1925, and the Law of Property (Amendment) Act, 1926, or any amendment or re-enactment thereof and the Local Land Charges Rules, 1934, or any amendment thereof or any such rules for the time being in force or in from or in connection with any certificate search or notice or office copy of any entry or plan or other document issued made or given pursuant to or purporting to be pursuant to the said Acts and Rules provided such act default neglect entry error or omission is made or discovered during the currency of the Policy and such claim is notified to the Company during the currency of the Policy or within twelve months thereafter, but such period shall be extended to six years in respect of the Insured if he should cease to hold the above mentioned office during the currency of the Policy.

Provided that no claim shall be payable hereunder if such claim arises by reason of conduct on the part of the Insured or of any Officer or Servant of the Insured or of the Local Authority which might be the subject of criminal proceedings; the opinion of a Barrister-at-Law (appointed in accordance with Condition 1 of this Policy) to be conclusive as to what constitutes such conduct.

THE INSURED HEREBY warrants to the Company that at the time of obtaining this Policy he neither knows of nor suspects nor has any grounds for suspecting the existence of any circumstances which could give rise to a claim under this Policy.

THIS POLICY shall be and continue in force from the date of payment of the first premium to the renewal date and thereafter from year to year so long as the Insured or the Local Authority shall pay and the Company shall accept the renewal premium hereinbefore mentioned on the renewal date in each year or within fifteen days thereafter and upon such renewal the warranty above contained shall be taken to have been given afresh by the Insured.

The total liability of the Company under this Policy (exclusive of costs as aftermentioned) shall not in any event exceed the sum of One Thousand Pounds in respect of any one claim.

If any claim shall be made against the Insured and/or the Local Authority in relation to the premises the Company will pay all costs and expenses recoverable from the Insured and/or the Local Authority by any claimant and all costs and expenses incurred by the Insured and/or the Local Authority with the consent of the Company in resisting any such claim.

IN WITNESS WHEREOF this Policy has been signed for an on behalf of the Company this

day of _____, One thousand nine hundred and

Accident Manager.

CONDITIONS

1. If any circumstances shall come to the knowledge of the Insured which shall be subject to a claim under the within written Policy, the Insured and/or the Local Authority shall forthwith give notice in writing to the Company of such circumstances. Neither the Insured nor the Local Authority shall be required to take or defend any proceedings in respect of a claim made under the within written policy unless a Barrister-at-Law (to be mutually agreed upon by the Company and the Insured or failing agreement to be nominated by the President for the time being of the Law Society) shall advise that such claim as aforesaid can be successfully contested or such proceedings as aforesaid successfully brought by the Insured and/or the Local Authority and the Insured and/or the Local Authority consents to such claim being contested or such proceedings being brought. Such consent as aforesaid shall not be unreasonably withheld.
2. On making any payment under this Policy the Company shall be subrogated to the Insured and/or the Local Authority in respect of all rights against all other persons, except any officer or servant of the Insured or the Local Authority.
3. If any claim covered by this Policy is also covered in whole or in part or would but for the existence of this Policy be so covered by any other insurance whether effected by the Insured or by any other party on the Insured's behalf, then the Company shall not be liable for more than its rateable proportion.
4. The annual premium payable hereunder shall be regulated by the amount received during the year covered by this Policy for fees under the said Acts and Rules. The Insured shall keep an accurate record of all such fees and shall at any time allow the Company to inspect the record. If at the end of any year of insurance the total amount of fees shall differ from that on which the premium was calculated the premium shall be adjusted (subject to a minimum premium of 10/- (Ten Shillings)) by a further proportionate payment to or refund by the Company.
5. All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties or in case the Arbitrators do not agree of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings and the making of an Award shall be a condition precedent to any right of action against the Company.

CHAPTER VII

CONTINGENCY INSURANCE (FINANCIAL)

VARIOUS indemnities of a purely financial character are occasionally asked for. As a rule they are not very acceptable business but at the same time it is as well to mention them briefly.

GUARANTEE OF PENSIONS

In the past the most common were the enquiries from the retired officers of the Indian Army and Indian Civil Service who wished for a guarantee that their pensions would continue to be paid. The business was not looked upon with favour by the companies before the late War. The political developments since the conclusion of the War have not made the business any more attractive.

SOLVENCY GUARANTEE

Then there were the investors in foreign government securities who asked for a guarantee that the interest thereon would continue to be paid and the principal repaid at maturity. It would obviously be a profitable proposition to use part of the substantial yield on the securities to obtain the guarantee of a British insurance company, the net result being a good yielding investment. This was also a class of risk which did not appeal to the insurance companies generally.

UNCALLED CAPITAL

Another source of inquiry is trustees and executors who desire to retain in the trust partly paid shares on which the yield is high rather than sell shares and reinvest in trustee securities. The guarantee they required is one against a further call of capital on the shares.

In some cases where the shares are of a speculative character the business is obviously unacceptable, but where the shares in question are those of a leading bank or insurance company there is no great objection to the business except that it is basically of a speculative character and may be aiding and abetting the trustee to commit a breach of trust.

Where there is a clause in the trust deed enabling the trustee to continue to hold existing investments, and they are reluctant to do so without a guarantee, there is a possibility of doing the business. On the other hand, where a trustee desires to invest trust moneys in other than trustee securities under the cover of a guarantee, in view of the higher interest return, the business requires very careful examination.

Another form this cover takes is where executors are selling shares with unpaid liability and wish to safeguard themselves against liability for calls in the case of the transferees failing to meet such calls.

Under the Companies Act, 1948, a past member remains liable for calls made by a liquidator which are not paid by his transferee unless he has ceased to be a member for one year or upwards before the commencement of the winding-up. Persons whose names are entered on the register as holders of shares as trustees are contributories in their own right, and their liability is not limited to the amount of the trust estate.

The position is, therefore, that anyone dealing with partly paid shares which he has had transferred into his own name and then sold, may in the event of liquidation be placed on the B list, as it is termed, and be personally responsible for calls for a period of twelve months.

Enquiries are mainly received from trustees or executors who wish to distribute shares, registered in their own names and forming part of the estate, or to distribute the proceeds of the sale of such shares without waiting for the twelve months' period to elapse.

Whether the business in question is acceptable depends entirely upon the shares involved, and this is a question upon which the Investment Department would be well competent to advise.

The simplest case is where the shares are transferred to the beneficiaries under the will within the year and the executor naturally wishes to protect himself.

An insuring clause of such a policy is as follows—

Now this Policy witnesseth that in consideration of the payment to the Company of the sum shown as the premium, if within one year after the date upon which the shares mentioned in the schedule hereto are registered in the names of . . . (The Transferees) any calls for unpaid capital shall be made in respect of all or any of the shares and the Transferees default in paying such calls in consequence of which default a demand is made upon the Insured (Executor) then the Company will indemnify the Insured in respect of each call up to the amount thereof but not exceeding in respect of all or any of the calls under any of the said shares the amounts uncalled set opposite thereto respectively in column 5, of the said schedule provided that the Insured shall give notice to the Company within 48 hours after receiving a demand from any of the companies mentioned in the schedule to the effect that the transferees have failed to pay a call.

It is the invariable rule that, where such security is given, the company takes a counter indemnity from the appellant, and this often takes the form of a deposit or transfer of shares or property. The following is a form which has been used in this connection—

This indenture made this day of... .. 19 .. between A.B. and the Insurance Company Limited. Whereas the said Company has agreed to become security on behalf of the said A.B. for the costs of a certain action now pending in the High Court of Justice..... .. Division. Wherein the said A.B. is plaintiff and C.D. is defendant to the extent of pounds as required by the said Court.

Now this indenture witnesseth that in consideration of the said Company giving the said security for costs the said A.B. doth hereby covenant with the said Company that he will pay to the said Company their successors and assigns within 6 calendar months from the date of payment by the said Company of any sum or sums (not exceeding in the whole the sum of... .. pounds) which may become due and payable and be paid by the said Company for costs in the said action and

This indenture further witnesseth that for the consideration aforesaid he the said A.B. as beneficial owner doth hereby assign to the said company all that his share and interest in

To hold etc.

Provided always that if any sum or sums which shall be paid by the said Company on foot of security for costs so given by them as aforesaid, shall be repaid by the said A.B. the said share and interest shall be reassigned by the Company to the said A.B.

Provided always that the said Company shall not be answerable for any involuntary losses.

In witness whereof we

HIRE PURCHASE INDEMNITIES

Sometimes enquiries are received for a guarantee to firms supplying goods on the hire purchase system against default on the part of purchasers. These are not usually entertained by the composite companies and find their way to the hire purchase companies who transact this sort of business, especially in connection with the hire purchase of motor vehicles.

CLEARING HOUSE INDEMNITIES

There are now (or rather there were prior to the war and doubtless they will resume activities in due course) clearing houses for dealing with transactions in various commercial commodities. With many of these it was a condition of membership that security should be given that bargains made would be carried out. These proposals are acceptable in suitable cases. The risk is a substantial one, involving as it does

the solvency of the firm guaranteed. In some cases the Clearing House has arranged the guarantee in a collective form covering all their members. The indemnity is usually given in a form such as the following—

Whereas is a member of (association) and has applied to the Insurance Company Limited (hereafter called the Company) to enter into this agreement to guarantee

And whereas there has been paid to the Company the sum of as premium for twelve months from to

Now it is hereby agreed and declared that in consideration of the Association granting clearing house facilities to the said member the Company hereby guarantee to the extent of £ the due discharge of any liabilities incurred by the said member either to the Clearing House or its member, arising out of transactions subject to Clearing House Rules and Regulations.

Provided that this Agreement shall be terminable by three calendar months notice in writing, it being understood, however that notwithstanding such notice the liability of the Company in respect of contracts current at the date of the notice shall continue until the fulfilment of such contracts.

Provided also that due observance of the following conditions shall be a condition precedent to any liability on the part of the company.

CONDITIONS

1. Notice of claim
2. Proof of loss
3. Alterations to contract must be authorized
4. Notice of renewal not incumbent
5. Policy of no effect until premium paid
6. Renewal and cancellation
7. Arbitration.

Another variation of this form of guarantee will be seen from the following wording of the insuring clause. It must be remembered that these are special indemnities drawn up to meet the needs of individual cases and are not to be regarded as wordings in general use. They are included here simply to illustrate the kind of indemnity which is occasionally granted.

Whereas the Association in pursuance of powers contained in its Memorandum and Articles of Association provides and maintains a Clearing House for the registration and clearing of contracts for the sale of for future delivery and for the periodical settlement of differences due in respect of such contracts in accordance with the Bye laws Rules and Regulations of the Clearing House and whereas by the said Rules members are required to deposit Security before entering into contracts under the Rules to the extent of £20 per contract and to maintain that security during the currency of the contract ; and whereas the Association, under Clause of the said Rules undertakes to insure members against loss incurred through the failure of any member to pay moneys due in respect of Registered contracts over and above any security paid or deposited by and any moneys standing to the credit of such defaulting member with the Clearing House: now in consideration of the payment of the sum of £ for each and every contract registered in the Clearing House by the said Association to the Company the Company agrees to indemnify the Association against all loss which may be incurred by them under the said clause of the Rules.

REDEEMABLE SECURITIES

A policy is issued to protect holders of redeemable securities against loss arising from their bonds being drawn for repayment. The largest number of policies has been issued in respect of Victory Bonds. These bonds, which stand at a premium, are redeemable by annual drawings at par. A holder whose bond is drawn therefore suffers a loss of capital in the difference between the nominal amount and the market price.

This has led trustees and others to seek a means of protecting themselves against the loss of capital. The policy insures the difference between the nominal value of £100 and the Stock Exchange price at the date when the insurance is effected. The policy only applies to a single drawing and if further protection is required, a new policy must be taken out. The rate of premium depends upon the outstanding amount in respect of which the annual drawing is to be made and the amount of the drawing.

As the total volume is gradually reduced by each annual drawing, the possibility of bonds being drawn grows greater and the premium will be correspondingly increased. In these circumstances it is only possible to issue policies for one year. The policy is of the simplest possible character ; it is an undertaking to pay within seven days of redemption the amount insured if the specified bonds are drawn. At the present time, the rate for Victory Bonds is 8d. for every £1 over par. Thus, if the bonds are quoted at £112, the premium required to secure payment of £12 in the event of the bond being drawn for redemption would be 8s. There is usually a minimum premium of 5s.

Victory Bonds have been taken as a convenient example, but the insurance is offered in respect of a considerable number of other redeemable securities which are quoted above their redemption value.

The essential feature before a policy can be issued is that it must be known with certainty what proportion of the bonds will be drawn for payment.

It is usually stipulated that the whole of the proposers' holding of such securities shall be included in the insurance.

A claim is payable on the production of the official notification that the securities have been drawn.

Where the right of optional redemption is exercised the policy thereupon becomes void and the premium is returned.

The forms of proposal and policy, which are very simple, are as follows—

PROPOSAL FORM

PARTICULARS OF SECURITIES

POLICY

Any difference arising out of this Policy shall be referred to arbitration in accordance with the Arbitration Act 1889, or any statutory modification or re-enactment thereof for the time being in force.

SCHEDULE

Policy No.		Name of Insured				
Form No.		Address				
		Business				
Agency		Date of Proposal			Premium	
Security	Letter and Number	Denomina- tion	Date of Redemp- tion	Market Price at Date of Proposal	Amount Payable on Redemp- tion	Amount of Insurance

IN WITNESS WHEREOF this Policy has been signed this

day of

19

CHAPTER VIII

CONTINGENCY INSURANCE (DOCUMENTS)

A LARGE proportion of the special indemnity proposals submitted is, in one form or another, for indemnity against claims in respect of missing documents.

The most common of these documents are—

- (1) Share and debenture certificates.
- (2) Life policies.
- (3) Negotiable instruments.
- (4) Bank notes.
- (5) Deposit receipts.
- (6) Title deeds.

The risk incurred will necessarily vary according to the circumstances in which the document is said to have been lost or destroyed, and the nature of the documents and the rights that can be acquired under it, with or, as the case may be, without the signature of the true owner.

Among the many contingencies which the company has to consider are whether the document alleged to be lost ever had any existence and whether it was duly executed and stamped. The existence or otherwise of secondary evidence such as abstracts, copies or completed drafts will in some cases be very material.

Any examination of the classes of documents which are frequently the subject of proposals in connection with supposed loss will indicate very quickly that there must be the widest discrepancy between the varying documents themselves, between the varying circumstances of loss, and between the varying liability involved in giving an indemnity against future claims. It is generally found that a very full and explicit statement of the surroundings must be furnished by some person having really adequate knowledge before any idea can be formed of the proposal, and this is hardly consistent with the brief questions and answers of an ordinary proposal form. At the same time a printed proposal is extraordinarily useful in practice, however much it may need to be supplemented by more detailed statements, and a proposal should be obtained in all cases. It will be borne in mind, however, that the proposal is not made by the person to whom the indemnity policy will be issued, and it is therefore not the basis of the contract and cannot be relied upon as constituting any warranty.

The following is a specimen of a form in use, which it will be seen is drawn to apply to a case of lost securities. It is usual not to have separate forms for each class of document but to use a form like this as far as it applies. As already said, any form needs to be supplemented by statutory declarations, statements and other information according to the nature of the case.

PROPOSAL FORM

1. (a) Full name, address, and occupation of Proposer (b) Are you the Owner of the lost security, or in what capacity do you require a Bond? ..		
2. (a) Amount of Bond (b) To whom to be given (Name and address in full) (c) If a special form of Indemnity is required a copy should accompany this proposal. ..	£	
3. (a) Exact title of security and date of maturity .. (b) Par value and present market value (c) Numbers of Certificates and/or Shares .. (d) Whether Bearer or Registered, etc. .. (e) If Registered, in whose name or names .. (f) Have the Certificates been assigned or endorsed in blank?	(i) Par £	(ii) Market £
4. (a) How is loss supposed to have occurred? .. (b) When, and how, was it discovered? (c) When, where, and by whom, were the Securities last seen? (d) Has a thorough search been made? (e) When were they acquired? (f) Has any payment been received in respect of the loss? (g) Why is a Bond required now?		
5. What precautionary measures have been taken to obviate loss in the event of the Securities being found and dealt with?		
6. (a) To whom are the Dividends or interest (if any) being paid? (b) When was the last Dividend or interest received? (c) Has a "stop" been placed against payment of Dividends or interest?		
7. Name and address of your Bankers		

I/We desire a Bond of Indemnity from the Insurance Company, Limited, in respect of the lost document described above, and declare that the foregoing answers are true to the best of my/our knowledge and belief, and I/We hereby agree, if the Bond of Indemnity is issued, and if the said document should thereafter come into my/our possession, to deliver it forthwith to the said Company.

Date

194

Signature
of Proposer }

Every case has two aspects which have to be carefully considered: firstly, the circumstances of the alleged loss—whether the story rings true, whether the document is totally lost or whether it is likely to have got into wrong hands and the likelihood of its turning up; and secondly the nature of the document—whether it is negotiable, whether it can be sold or otherwise dealt with or whether it is of any value in the hands of a third person.

The circumstances, our first factor, vary in every case. It is impossible to lay down any rules for dealing with proposals but an accident man, especially one who has had a training in fidelity guarantee, generally has the knack of smelling out the doubtful ones. The second consideration is largely a legal question, and the maxim there is : when not sure, seek advice.

SHARE AND DEBENTURE CERTIFICATES

The share and debenture certificates are usually those of companies incorporated under the Companies Act, 1948. There are companies incorporated under other Acts of Parliament or under their own special Acts. As a rule the position there as to certificates is very much the same, but it is always well to make sure that there are no special regulations or liabilities in respect thereof.

Every company has to keep a register of members (shareholders) and entry therein is necessary to constitute membership.

Every company must have Articles of Association. If it does not have its own set of Articles then what is known as Table A (a model set to be found in a schedule to the Act) applies. The Articles lay down the regulations as to shares certificates, transfers and the like.

Every company must issue a certificate under seal within two months of allotment or registration of transfer. The certificate is *prima facie* evidence of title. The ordinary form of certificate gives the name and address of the shareholder and states that he is the registered holder of a certain number of shares, the distinctive numbers of which are given. The certificate bears a note to the effect that no transfer will be registered without production or delivery to the company of the certificate.

The law expressly prohibits any entry of trust on the register of members, but no doubt the company would make an informal note of any notice received as to any supposed loss of the certificate and this will tend to prevent any improper dealings with the shares.

A provision is usually found in Articles of Association to the effect that if a certificate is defaced, lost or destroyed a new one will be issued on payment of such fee not exceeding one shilling and on such terms, if any, as to evidence and indemnity as the directors think fit.

On receipt of a proposal, enquiries should be made of the company to see who is the registered proprietor of the shares. The circumstances in which he acquired them (by purchase or legacy) will be ascertained, and a full statement of the circumstances in

which the certificate was lost should be taken and preferably verified on oath. Reference as to probity will be taken up, and provided that the company does not require some form of indemnity which is unacceptable, the case is completed for a single premium.

The usual wording is as follows—

Whereas (the shareholder) is entitled to a share certificate No. dated in respect of . . . shares in the . . . Company Limited (hereinafter called the Insured)

And whereas the said certificate has been lost or destroyed and . . . has requested the Insured to furnish him with a new certificate for the said shares and has applied to the Insurance Company Limited (hereinafter called the Company) to furnish the following indemnity.

Now therefore this indemnity witnesseth that in consideration of the sum of £ paid by the said to the Company the receipt whereof the Company hereby acknowledge, and in consideration of the Insured consenting to issue a new certificate for the said shares the Company hereby undertakes and agrees with the Insured to indemnify and save harmless the Insured from all loss, costs, charges and expenses they shall or may sustain or be put to by reason of their issuing such new certificate.

Provided that the liability of the Company under this indemnity shall not in any event exceed the sum of £

Signed for and on behalf of the Insurance Company Limited this day of 19

Accident Manager.

It is very usual to take a counter-indemnity from the shareholder but this is not always forthcoming, especially in cases where the shareholders are executors who hold the shares only for the purpose of distributing an estate, but in such a case the counter indemnity of the beneficiary might be asked for. The following wording could be used—

In consideration of the Insurance Company Ltd. indemnifying the Company against loss through their issuing duplicate certificates for the original certificates for which have been lost, mislaid or destroyed, I hereby undertake with the said Insurance Company Ltd. to pay them on demand any sum of money they may have to pay and generally all, if any, loss, costs, charges and expenses whatsoever which they may suffer, incur or be put to in consequence of having granted such indemnity.

Witness	Signature
Address	Address
	Date

The alleged story of the loss may not ring true and then the greatest care is necessary. The following are illustrations of the sort of thing to be guarded against—

(1) The proposer may have borrowed money on the security of the shares, handing over the certificate with or without a blank transfer or a completed transfer.

(2) The proposer may have actually sold the shares, but the transfer may not have been registered owing to the ignorance of the buyer or the fraudulent devices of the proposer.

(3) The proposer may hold the shares as a trustee, i.e. without any beneficial ownership of his own, and the true proprietors may hold the certificate.

(4) The certificate may have been stolen or mislaid or have come to the hands of some person with no real title, and may have been passed on from him to a third person whose interest was honestly acquired.

(5) The original certificate may in truth be in the possession or under the control of the proposer whose ultimate scheme may be to realize on both the original and the duplicate certificates.

It is fairly obvious that any such set of circumstances as has been indicated in these illustrations will most probably involve the company in litigation if it issues a duplicate certificate, and even successful litigation will leave the company with a heavy burden of costs.

The risk is, however, properly insurable where the circumstances appear satisfactory, and the insurance company is able to spread the hazard over a number of cases, most of which will be entirely genuine.

In most cases it will be found that the person who has the original certificate has no valid claim against the company. Even if the certificate bears the usual note that no transfer will be registered without production of the certificate, the company comes under no obligation by contract or otherwise to a holder of the certificate (e.g. a mortgagee or a transferee under an unregistered transfer) to insist on the production of the certificate before registering a transfer.

The statutory obligation of a company to regard the registered proprietor as the true owner of a share and to abstain from entering trusts on the register will rule out many claims. With this should be coupled the rule of law that no title whatever passes under a forgery. It will then be found that if there is liability on the part of the company it is founded on estoppel, i.e. the company cannot deny the ownership of the person named in the share certificate, whether the original or the duplicate, or the right of that person to transfer. The case of a person holding both the original and the duplicate certificate, both being in his own name, seems to present serious risk and it is a safe and proper precaution that in most cases insurance should be completed only if and when the share holding is being dealt with by sale, conversion, distribution or in some other way.

One risk to be borne in mind is that of personation, i.e. the proposer may not be the shareholder at all but may be aware of the holding and may be attempting to obtain a certificate for the purposes

of carrying through a fraudulent scheme of conversion. The ordinary system of references and enquiries should make this contingency remote, but it is conceived that the actual risk is limited to costs, for the real ownership of the shares is unchanged, and if the name of the true owner has been removed from the register it must on demand be restored whilst the person who claims the shares as a result of the fraudulent scheme, and however honest he may be, is claiming under a forgery which gives him no rights. There may, however, be cases where the shares have changed hands after the completion of the fraudulent scheme and another certificate has been issued before discovery of the fraud, and in such cases a liability by estoppel may be established on the company.

No distinction can as a rule be drawn between the risk involved in regard to registered shares and registered stock transferable by deed and represented by a certificate which is missing. A large proportion of War Loan is held in registered form and the loss of certificates is not uncommon. Colonial and Municipal Stocks are frequently in this form.

In cases where the shares represented by the missing certificate form part of a deceased's estate the question of the counter indemnity might be dealt with in the manner discussed later on with respect to missing life policies.

The risk involved in giving an indemnity to a company on their replacing a missing bearer certificate is entirely different from the risk in connection with certificates for registered shares.

Any company under the Companies Act, 1948, if so authorized by its Articles may, with respect to any fully paid up shares, issue under its common seal a warrant stating that the bearer thereof is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of future dividends on the shares included in the warrant. Such a warrant is referred to in the Act as a share warrant. The share warrant entitles the bearer to the shares therein specified which may be transferred by delivery of the warrant. It is a negotiable instrument.

Debentures and some Government stocks are also issued in this form.

A person acquiring a negotiable instrument by delivery will obtain a good title to it if he has acted in good faith and has given valuable consideration. Obviously, therefore, the risk involved in giving an indemnity against loss by reason of the issue of duplicate certificates or warrants is one which cannot usually be accepted merely on proof of supposed loss, but only where there is a fairly satisfactory proof of actual destruction. Time, however, is an important element particularly in cases where the company is paying regular

dividends, and there is a time when the coupons annexed to the certificate will be exhausted and a fresh supply of coupons will have to be applied for. If the circumstances permit of the insurance company holding the new certificate and collecting and retaining the dividends for a term of years, it may be possible to arrange for replacement of the missing certificate, but no lapse of time is a complete answer and it is difficult to say when the risk can be properly written off since the company would almost always object to anything like a time limit on the indemnity. All indemnities in connection with bearer securities are hazardous and the premiums charged are high.

A debenture is an instrument under the seal of a company providing for the payment of a certain sum of money, interest being paid meantime at periodical dates, and is usually one of a series. Debentures are generally registered securities and the company is under a statutory obligation to keep a record in the register of mortgages specifically affecting property of the company giving *inter alia* the names of the mortgagees or persons entitled to the charge.

The practice on the transfer of debentures is identical with that on the transfer of shares except that instead of a new certificate the transferee receives the original certificate bearing an endorsement signed by the secretary of the company stating that the transferee is the new holder of the security.

This difference in procedure appears to make no change in the liability of the company in case a forged transfer is registered, and consequently no change in the risk involved under an indemnity.

As a rule the certificates issued by American companies are for registered holdings, but a form of transfer is endorsed on the back. Until this endorsement is signed, the certificate is substantially the same as the corresponding English document, but when the registered proprietor has signed the endorsement the shares pass from hand to hand as negotiable securities and a considerable time may elapse before a buyer thinks it worth while to get himself registered. The company pays dividends to the registered owner and unless he happens to be what is called a "good name" the buyer will probably effect an early registration of his acquired title in order to secure the dividends.

Very frequently, however, owners of the shares sign the endorsed form when they have no intention of parting with the shares. Sometimes, perhaps, this is thought to be a precaution as involving a specimen signature, but more commonly the signature is affixed because its presence may enable executors to realize the holding without the trouble and expense of obtaining probate in America.

Enquiries on this point will, of course, be made in connection with a proposal, but in assessing the value of the reply it must be borne in mind that a proposer who has no particular recollection

one way or the other will probably seek (or will be instigated) to supply the answer that he supposes the insurance company to desire.

Indemnities in connection with American certificates if a credible statement is made as to the absence of signature do not involve the same perils as securities that are admittedly in bearer form. Insurance companies usually arrange for the indemnity to be issued by their allied company in the U.S.A. or their Canadian office, as the case may be. This is much to be preferred as the requirements of American companies as to the execution of indemnities and other documents differs somewhat from the English method, and the security of an insurance company within the jurisdiction of the United States is preferred and usually insisted upon. If litigation did arise it would obviously have to be conducted in that country.

LIFE POLICIES

The circumstances in which indemnities are required in connection with life policies vary very greatly. Sometimes a policy or documents of title to the policy prove to have been lost during the lifetime of the life assured, and without them he is unable to obtain a loan or payment of the surrender value. In other cases the difficulty arises after a claim has become payable under the life policy, and the original owner of it is not available to give any evidence or explanation.

A broad general rule may, however, be laid down as applicable to most cases that if the person having a *prima facie* title is in possession of the policy and can surrender it to the life office on payment, then the liability is infinitely less than if a claim is made by someone who claims the policy money without having the policy itself.

The Policies of Assurance Act, 1867, provides that a person entitled by assignment to a policy of life assurance and possessing the right in equity to receive and give a discharge for monies thereby assured may sue in his own name to recover such moneys.

No assignment will, however, confer any right to sue until a written notice of the date and purport of the assignment has been given to the life office and the date on which such notice is received regulates the priority of all claims under any assignment.

A payment bona fide made in respect of any policy by any life office before the date on which such notice has been received is valid against the assignee as if the Act had not been passed.

When notice of assignment is given and a fee of 5s. paid, a life office is required to give an acknowledgement of receipt and this is conclusive evidence against them.

This Act preceded by some years the Judicature Act, 1873, and might have been superseded by that more general Act but for the rules which it lays down as to the title to policies. These rules are primarily a safeguard to the life office in so far as they afford protection against claims by virtue of unnotified assignments, but a detailed examination of the wording of the Act will disclose that this protection is limited, and the extent to which it may leave the life office open to claims not depending on assignment, together with the effect of the absence of documents as constituting equitable notice, may be matters of dispute in many cases where there is some defect in the title. Besides being a safeguard the Act rather tends to raise questions, because life offices are apt to put on their register of notices a class of intimation to which the parties themselves attach little or no importance at the time. For instance an enquiry as to premium renewal notices on a policy "which is being pledged to us as security" may be treated as a notice of assignment by a life office, and if there is any actual transaction and the debt is afterwards discharged the parties may think it quite unnecessary to keep any documents, and nothing more is known of the facts until executors are required to deal with the title as being affected by this so-called notice.

It seems, indeed, to be useless to direct the attention of the owners of life policies to the need for saving their mortgages. A loan is contracted and in due course discharged and the borrower thinks the whole thing over and done with, and he consequently destroys the only document, quite oblivious of the fact that notice of it has been given and that whenever the policy is dealt with the title must be clearly deduced and all documents handed over or an indemnity afforded.

When these questions arise after the life policy has become a claim the first point to consider is the likelihood or otherwise of the debt being outstanding or some other claim on the policy existing. The amount of the policy, the other assets and liabilities of the estate, the personal responsibilities of the deceased and his general status will be the important elements for consideration, and the company asked to give an indemnity will so far as possible avoid coming to a decision on material which has been got together in the hope of giving the best aspect to a proposal. An opinion should as far as possible be formed on perusal of the affidavit for Inland Revenue which the executors have been required to submit in order to obtain probate, and if this discloses debts of small amount and a sufficiency of liquid

or easily realizable assets there will be a *prima facie* case for acceptance.

Executors are not always beneficiaries of the estate, and so far as they occupy a fiduciary capacity only it is not to be expected that they will take personal responsibility by counter indemnity, but in some cases the principal legatees will be content to undertake this risk or arrangements may sometimes be come to that the executors shall bind the estate to relieve the surety company so long as the assets remain undistributed, and this may afford substantial protection where life interests exist or there are other reasons which will probably prevent an early winding up. Such an undertaking may not very largely extend the legal rights possessed by sureties, but it is highly desirable to avoid any question by having a direct written admission of the right to indemnity out of the assets.

The indemnity given is usually of a simple character. The following is a form that has been used.

We the Insurance Company Ltd. whose registered office is at in the City of in consideration of the Life Assurance Company Ltd. having made payments of the moneys due under Policy No. amounting to £ on a discharge granted by and Trustees of the estate of the late deceased without production of the above Policy which has been lost or destroyed do hereby undertake to indemnify the said Life Assurance Company Ltd. from and against all loss, damage or expense which they may at any time incur in consequence of paying over the Policy moneys as aforesaid.

NEGOTIABLE INSTRUMENTS

An instrument is negotiable when it is such that the title to the right secured by it passes unaffected by any defect or want of title of the deliverer by the mere delivery of the instrument to anyone who takes it for value and in good faith, that is to say, honestly believing the deliverer to be the true owner of the instrument or else to be authorized by the true owner to dispose of it. The holder of a negotiable instrument can always sue the person bound by the obligation to which it constitutes a title in his own name.

The following are judicially recognized as being negotiable—

Bills of Exchange	} duly endorsed and not overdue.
Promissory Notes	
Cheques	
Bankers' Circular Notes	

Exchequer Bills.

India Bonds and Stock.

Bearer Bonds and scrip of Foreign Governments.

Share Warrants to bearer.

¶ Most of the rights of a holder of a bill¹ of exchange (and a cheque is a bill of exchange drawn on a banker payable on demand) are codified in the Bills of Exchange Act, 1882, and depend on his being a holder in due course, and any question of indemnity against a missing bill must depend largely on the possibility of some person being a holder in due course, that is a holder who has taken a bill complete and regular on the face of it before it was overdue and without notice that it had been dishonoured and who took the bill in good faith and for value and had no notice of any defect in the title of the person from whom he received it. A thing is deemed to be done in good faith where it is in fact done honestly, whether it is done negligently or not. Gross negligence may be evidence of bad faith but it is not conclusive of it.

The rights and powers of a holder of a bill are that he may sue on it in his own name. If he is a holder in due course he holds the bill free from any defect of title of prior parties as well as from personal defences available to prior parties among themselves. He may enforce payment against all parties liable on the bill.

Where a signature on a bill is forged or placed thereon without the authority of the person whose signature it purports to be, then, subject to some special protection to bankers, the forged or unauthorized signature is wholly inoperative and no right to retain the bill or to give a discharge therefor against any party thereto can be acquired through or under that signature unless the party against whom it is sought to retain or enforce payment is precluded from setting up the forgery or want of authority.

Where a bill is negotiable in its origin it continues to be negotiable until it has been restrictively endorsed or discharged by payment or otherwise. Where an overdue bill is negotiated it can only be negotiated subject to any defect of title affecting it at maturity, and thenceforward no person who takes it can acquire or give a better title than that which the person from whom he took it had. A bill payable on demand is overdue when it appears to have been in circulation for an unreasonable length of time. What is an unreasonable length of time is a question of fact. A person who takes a stale cheque, therefore, takes it at his peril.

When a bill has been lost before it is overdue the person who was the holder of it may apply to the drawer to give him another bill of the same tenor, giving security to the drawer if required to indemnify him against all persons whatever in case the bill alleged to have been lost shall be found again. If the drawer on request refuses to give such duplicate bill he may be compelled to do so.

In an action or proceeding upon a bill the Court may order that the loss of the instrument shall not be set up provided an indemnity

be given to the satisfaction of the Court against the claims of any other person upon the instrument in question. This applies to all proceedings, e.g. proofs in bankruptcy, but an indemnity should be tendered before action is brought, otherwise the plaintiff would not obtain relief on such terms as to give him the costs of the suit.

There is no statute which provides any protection as regards Exchequer Bills, India Stock and Foreign Government scrip or bonds. From the underwriting point of view they are securities which, if in the hands of a bona fide owner, belong to him, and therefore the case must be judged solely on the circumstances surrounding the alleged loss, namely, whether they are such that if true the securities are not likely to have got into circulation for, if they have, the chances of recovering them or their value is remote.

Share warrants to bearer have been discussed in connection with forged transfer insurance and there is nothing further that can usefully be said.

BANK NOTES

A fair amount of business is done by the insurance companies in giving indemnities to the Bank of England on payment of bank notes which are alleged to have been destroyed. Bank notes of the Bank of England are part of the currency of the country and are equivalent to actual coin. They pass by mere delivery and cannot be followed by a former owner, in fraud of whom they may have been paid away, provided payment is made to a creditor of the payee who has no notice of fraud. Bank notes are legal tender and are cash, not securities for money.

A stolen note or a note obtained by fraud must, on presentation, be paid by the Bank to any holder who is not shown to have come by it dishonestly, but the Bank is entitled to delay payment of a stopped note for a reasonable time in order to make enquiries.

The Bank of England have a very elaborate system for checking and tracing every note they issue, and it is their practice, on receipt of a request to stop payment or on particulars of the alleged destruction of a note, to impose a considerable period of delay during which the note, if in circulation, may be presented or further enquiries may bring to light its whereabouts. At the end of this period, if the application for replacement is received, the Bank prepare a declaration very briefly outlining the facts and in approved cases will effect payment against an indemnity.

The delay is an element of protection to the company and, in addition to the usual proposal and references, they will ask to see the

correspondence with the bank. As a rule cases of supposed loss are not satisfactory and, in the main, business is confined to cases where the circumstances point clearly to actual destruction.

In some cases it may be clear that the owner of the note accidentally threw it on the fire and saw it burning without being able to effect a rescue. The existence of the charred fragments which an expert could identify would of course, be important. Notes kept in a desk in a house which is burnt, coupled with evidence of the fire brigade of the destruction of the contents, would be on much the same footing. The proposer would be required to supply evidence of how he obtained the notes, and if it was from his Bank this could readily be supplied as bankers keep a record of the numbers of the notes they issue.

No useful purpose would be served by multiplying instances of destruction or alleged or supposed destruction, as each case must be carefully investigated, but the following is an account of one case the writer handled.

The proposer was a railway official and on the day he received his monthly salary he returned home and, while waiting for his evening meal, was standing with his back to the fire going through his pockets. He took out his pay envelope and threw it into the fire, and then recollected that he had left three £5 notes in the envelope. Next morning he was able to get the numbers and gave notice to the Bank. He was informed that when the notes of the three series of which the notes formed part (they happened each to belong to a separate series) came back, they would deal with the matter. After some years he was informed that one series was completed with the exception of one note and then, after some years, similar advice came about the second series, and finally, some twenty years after the destruction, the third series closed with the exception of one note and the Bank said they were willing to pay under an indemnity. In those days, at any rate, the Bank insisted on paying the money to the guarantor, and so one afternoon the writer went round to the Bank of England with the owner and received three £5 notes which he handed to the owner some twenty years after the destruction of the original notes.

It is only fair to add that the writer knows that in at least one case involving a large amount the Bank settled the claim by the payment of a cheque.

The good faith and credibility of the proposer are essential elements in these cases. If the note is in existence it will, as likely as not, come to light in some way, and whoever has it in his possession is entitled to recover and bring about a claim under the indemnity which the Bank of England hold.

DEPOSIT RECEIPTS

Money lodged with a Bank but kept separate from a current account and generally made by arrangement withdrawable only on notice is commonly described as money on deposit or as a deposit account and the receipt given for it by the banker is called a deposit note or deposit receipt. The depositor's right against the banker is that of a creditor.

The forms in common use vary in detail but are substantially in the following wording—

			Bank Limited
			194..
Received from	the sum of £		for credit of his
deposit account with this Bank.			
		... ..	Manager.

This receipt must be presented when payment is required.

Deposits receipts in this form are not negotiable instruments. They are evidence of the debt owing by the bank, the debt can be assigned and the depositor's right is transferable by delivery of the endorsed deposit receipt, but the holder will be defeated if the title through which he claims is in any way defective in law.

Bankers' deposit notes are very frequently lost, probably because they are in many cases issued to persons who have no current bank account but desire to place their money in a bank for safety. Such persons may not have a regular place for keeping valuable papers, and the importance of safeguarding the deposit receipt is not recognized. It is kept among receipted accounts, invoices and miscellaneous papers, and when needed it often cannot be found.

If satisfactory evidence is obtained of the right of the proposer to the money, and it appears that the deposit receipt has not been endorsed, the indemnity can be given without undue risk. The bank will be asked for a copy of the receipt and to say whether they know of any adverse circumstances or claim, and a counter indemnity from the proposer will usually be taken.

If the indemnity is required in connection with the administration of the estate of a deceased depositor, the family and domestic circumstances will have to be gone into unless notice of loss has been given before the death. In such cases there is always the possibility of a person claiming a right under a deathbed gift but such a person would find it expedient to notify his claim within a reasonable time, and if this has elapsed it will be unnecessary to require more than the *prima facie* evidence of circumstances tending to make a *donatio mortis causa* unlikely.

A form of wording used for these indemnities is as follows—

Whereas a Deposit Receipt granted by Bank Limited
 .. (Depositor) of .. in favour of
 .. and numbered .. for the sum of £ .. dated
 .. has been lost, mislaid, accident-
 ally destroyed by me and notwithstanding the want of the said deposit receipt,
 the said Bank has made payment to me of the sum of £ .. and also of
 £ .. being the whole interest now due thereon: Therefore I the said
 .. not only discharge the said Bank of the said sums principal and
 interest, and of the said Deposit Receipt, but I the said .. and we
 the Insurance Company Ltd. do hereby bind and oblige
 ourselves and our heirs, executors, successors and representatives whomsoever,
 all jointly and severally to guarantee and defend and relieve the said Bank of and
 from all claims, loss, costs and charges which may be raised against the said
 Bank or incurred by it in reference to the said Deposit Receipt; and also to
 deliver up the said Deposit Receipt to the said Bank if and when found.

Signed by the said ..
 at .. the .. day of .. in
 the presence of

Signed for and on behalf of the .. Insurance Company Ltd.

Accident Manager.

TITLE DEEDS

By the term title deeds is meant the deeds which prove the title to land or houses. A purchaser is entitled to have the title deduced and proved for a period of thirty years. That is, the vendor has to produce documents proving his title and that of his predecessors in ownership to the property for this period. If the purchaser has not investigated the title for this full period, he is deemed to be under notice of all matters of which he might have had notice had he made a full investigation.

The inability of a vendor to produce the deeds under which he claims is a serious defect in the title, and a sale may well fall through even if some explanation is afforded unless the purchaser can be given an indemnity which will effectively prevent his incurring a loss by reason of claims under the missing deeds.

Sometimes it is not the whole of the deeds that is missing but one particular document. If, for example, the missing document is the original ninety-nine years lease or the latest assignment under which the proposer would have acquired the property, the risk is naturally greater, for these may be in the hands of some mortgagee or purchaser who would hardly be likely to be content with some relatively unimportant link in the chain of documents.

It is common knowledge that deeds must necessarily be taken out of their proper place from time to time whenever reference is required to their contents or to the plans drawn on them and owing to carelessness or mere dilatoriness there is sometimes a failure to return them which eventually results in a loss. Deeds are left in public vehicles,

stolen or accidentally destroyed in the same way, though perhaps not as frequently as other documents. Their formality gives an appearance of value which is some safeguard, and the fact of being written on parchment ensures a certain degree of longevity.

Every proposal must be considered in relation to the possibility or otherwise of the proposer having a title by possession independent of the title by deed. The term "possession" denotes primarily exclusive physical control evidenced by the acts which are implied from control, i.e. by dealing with the property as an occupying owner might be expected to deal with it. The acts of ownership must be exclusive, that is, there must be no other person exercising rights of ownership or claiming possession adversely to the alleged possession though two persons may have a joint possession.

Under the Limitation Act, no action can be brought to recover any land or rent except within twelve years next after the time at which the right shall have first accrued, and there are corresponding restrictions on a mortgagor's right to redeem and a mortgagee's right to enforce a security.

The broad general rule is that at the expiration of the prescribed period not only is any remedy by action barred but the title of all persons against whom the statute has run is extinguished and the person in legal possession acquires a title which is good against all the world.

The owner of the land may have acquired his ownership by deed in the usual way on purchase, but in certain events his title by deed may be incapable of proof by reason of the loss or destruction of the documents. In the meantime, however, he has acquired another title by possession and the latter title may be capable of proof by evidence of persons who have a knowledge of the facts, e.g. tenants, estate agents, rate collectors or neighbours. At the same time a purchase or proposed purchaser may think there is a risk in accepting a title dependent on human recollection and verbal testimony, and may therefore desire insurance.

When an original document cannot be produced there is often a possibility of evidence being forthcoming to show what the contents of the original were and that it was duly executed and stamped. This secondary evidence is admissible on the trial of an action where it is proved that the original has been lost or destroyed. If the transaction is fairly recent and the names of the solicitors are known, they may often have in their possession completed drafts of the deed showing its purported date and the names of witnesses. A completed draft will show the engrossment of the original and the stamp duty paid. If it is made an exhibit to a statutory declaration by the attesting witness it is usually the best secondary evidence, but other evidence

such as abstracts of title or recital in subsequent deeds may be available. The measure of the risk is the nature and extent of the evidence available.

The following is a wording which has been used in a case of a missing deed—

MISSING DOCUMENT INDEMNITY

BOND NO.

PREMIUM.

THIS DEED OF INDEMNITY made this day of 19
between of of the first part and
THE INSURANCE COMPANY, LIMITED whose registered office is
situate at , in the City of (hereinafter
called the Company) of the second part and of the third part.
in the County of of the third part.

WHEREAS the

relating to the property known as has been lost,
mislaid or destroyed AND WHEREAS the said has made and
caused to be made diligent search but have been unable to find the said
AND WHEREAS the said desire to be indemnified against
all claims which may be made against them or against other owners for the
time being of the said property by reason of the loss of the aforementioned

AND WHEREAS in consideration of the said receipt of
paying to the Company the sum of which the Company hereby acknowledges the Company has agreed to give
such indemnity as is hereinafter contained.

NOW THIS INDEMNITY WITNESSETH that the Company will indemnify the
said the owners for the time being of the
property known as and any subsequent owners
for the time being of the said property from and against all losses, damages,
claims, costs, charges and expenses which they may incur, sustain or be put to
under any order of a Court of competent jurisdiction obtained by the holder or
holders for the time being of the missing or any person
deriving title under or through such holder or holders upon any claim by virtue
thereof to the property or any part thereof or to any estate or interest therein
adverse to the title of the said but so that the indemnity
shall not extend or apply to any claim in respect of the covenants and stipulations
binding on the property or in respect of the boundaries or the ownership of
external walls.

AND IT IS HEREBY AGREED that the total liability under this indemnity
exclusive of costs shall not in any event exceed the sum of
POUNDS, and that the said parties hereto of the first or third part or any other
person now or hereafter entitled to the benefit of this indemnity shall not incur
any expense, litigation or otherwise or make any payment, settlement, arrange-
ment or admission of liability in respect of anything for which the Company
may be liable under this indemnity without the written authority of the
Company. The Company shall in respect of anything insured under this
indemnity be entitled to use the name of the said parties hereto of the first and
third part and any other person now or hereafter entitled to the benefit of this
indemnity including the bringing, defending, enforcing or settling of legal
proceedings for the benefit of the Company.

IT IS FURTHER AGREED that all differences arising out of this indemnity shall be referred to arbitration in accordance with the Arbitration Acts, 1889 and 1934.

Signed, Sealed and Delivered by the said _____ in the presence
of:—

Signed for and on behalf of the said _____ Insurance Company
Limited.

Accident Manager.

The risks submitted are not confined to missing deeds of title to land or houses. A common case is when funds are known to pass under a settlement but when the time for distribution arrives the document is not available. An extreme case is where all that is known is that a marriage settlement was signed. The trustees, the husband and wife and the solicitor who prepared the document, may all be dead, and the widest possible enquiry may throw no light on the contents of the document.

It is then very much a question of guesswork based on the ordinary course of affairs and a knowledge that the purpose of a settlement is to provide for the wife and children of the marriage. The recollection of anyone who has seen or been told about the document will carry some weight, and the lapse of time since the death of the survivor of the husband and wife will be material, but an indemnity to the persons who control the fund (possibly executors of the last surviving trustee) against claims by other persons proving to be interested may involve substantial liability even if the issue of the marriage to whom payment is made are willing to give their counter indemnity to the company.

In such a case a claim may quite possibly arise without any suggestion of fraud or deceit. A belief in the loss or destruction of the settlement may be honestly held by all parties, and they may be quite convinced that the children of the marriage are the proper payees, but if afterwards the document comes to light in some unexpected quarter it may be found to contain exceptional provisions of which no one was previously aware.

CHAPTER IX

CONTINGENCY INSURANCE (PERSONS)

MISSING BENEFICIARIES

THE circumstances in which this indemnity is asked for vary considerably, but they all hinge on the fact that if the death of a certain person could be established then certain moneys would be available for other people.

The law provides a means whereby leave may be granted to presume death, and it is well to see what the law on the subject is, as if there is a method of solving the problem by means of legal proceedings the company should always be satisfied that there is good reason why an indemnity is sought instead of taking this course. The fact that one may be less expensive than the other is not necessarily a good reason.

The legal principles are a further guide to dealing with these cases, as naturally a company would be very reluctant to grant an indemnity in a case where it was clear that the Court would not grant an order, though it might be prepared to do so in doubtful cases.

There is no presumption of law by which the fact that a particular person was alive on a given date can be established, it being a question of fact for the jury or judge sitting as such.

On the other hand if it is proved that for a period of not less than seven years no news of a person has been received by those who would naturally hear of him if he were alive, and that such enquiries and searches as the circumstances naturally suggest have been made, there arises a legal presumption that he is dead.

There is no legal presumption, however, either that he was alive up to the end of that period or that he died at any particular point of time during such period, the only presumption being that he was dead at the time the proceedings are brought if he has not been heard of during the seven years before such proceedings.

If it is necessary to establish that the person died at any particular date within the period, this must be proved as a fact by evidence raising that inference, e.g. that when last heard of he was in bad health or exposed to unusual perils or had failed to apply for a periodical payment upon which he was dependent for support.

The following cases illustrate the point—

Webster v. Birchmore (1807), 13 Ves. 362. A man had not been heard of for 23 years. When he last appeared he was in a very bad state of health, and was to have returned in six months. Death within six years of last news was presumed.

Hickman v. Upsall (1875), L.R. 20 Eq. 136. A person dependent on quarterly payments made his last application in March. He was presumed to have died soon after the June payment became due.

Ommaney v. Stilwell (1856), 23 Beav. 328. A ship left port and was never heard of again. She encountered a violent storm the day after she sailed. A man on board was held to have died within two days of sailing.

In Goods of Connor (1892), 29 L.R. Ir. 261. A child born in 1868 who was motherless in Paris during the siege presumed as a fact to have died before 1872.

The weight of such evidence must be considered in the light of the knowledge available at the time the proceedings are brought. Where a party's case depends on establishing that a given person who is presumed to be dead was alive or dead at a particular time within the seven years period, and there is no evidence at all on the subject, success or failure will depend on the incidence of the burden of proof.

A legatee, for example, now presumed to be dead may have disappeared less than seven years before the death of the testator and no evidence may be forthcoming as to the date of his death. The party then, on whom the burden of proving either that the legatee died before or that he survived the testator, will fail to make out his case.

Thus in *Thomas v. Thomas* (1864), 2 Drew, 298, the onus lay on the next of kin who failed in the action through inability to prove the pre-decease of the legatee. In *Re Phene's Trusts* (1870), 5 Ch. App. 139, the onus lay on the representations of the legatee whose survival they were unable to prove and they, therefore, failed.

It seems, however, that where a settlement contains a trust for a person named, that person must in proceedings based on the trust be taken, until the contrary is shown, to have been in existence at the date of the settlement.

The presumption of death, it is to be observed, will not arise in the mere absence of evidence with regard to the person whose life is in question, for when it has been shown that he was alive at some particular date it is open to the jury to find that he continued alive unless there is sufficient reason for the presumption of death coming into force.

In *Doe d. Francis v. Andrews* (1850), 15 Q.B. 756, it was held that the mere fact that no witness called had heard of the person in question

was not sufficient to raise the presumption, but in *Doe d. Lloyd v. Deakin* (1821), 4 B. & Ald. 433, it was held that the unanswered evidence that a tenant for life had not been seen for fourteen years by a person who was not related to him but resided in the neighbourhood raised the presumption of death. In *Re Creed* (1852), 1 Drew 235, it was held that effective inquiry must be made before the presumption will arise.

The presumption of death, however, even where it arises, is not always applied in a uniform manner. Thus in an action by a lessor or reversioner to recover an estate dependent on a life the presumption of the death of the *cestui que vie* will arise on the mere proof of his absence for seven years. As against the Commissioners for the reduction of the National Debt, death will not be presumed at all but must be proved by evidence.

The presumption of death has been thought to be confined to cases where there are in evidence no circumstances which afford ground for a different conclusion, and it has accordingly been held to have no application to the case of a person who would have been unlikely to communicate with his friends but recent decisions appear to throw doubt on this restriction.

In *Watson v. England* (1844), 14 Sim. 28, a girl of seventeen ran away from home. Four years later she wrote to her sister that she was going abroad. Nothing more was heard of her. It was held that there was no ground for the presumption of death after seven years.

In all cases where after 31st December, 1925, two or more persons have died in circumstances rendering it uncertain which of them survived the other or others then subject to any order of the Court, such deaths must for all purposes affecting the title to property be presumed to have occurred in order of seniority, and accordingly the younger must be deemed to have survived the elder.

In cases of death in similar circumstances prior to that date there was and is no presumption as to the order in which they died or that they died at the same time. The *onus probandi* lies on the party who asserts survival or concurrent decease or predecease.

Where legal rights dependent on the fact or date of the death of a person have to be adjudicated and such fact or date cannot be determined on evidence or presumption, and the question cannot be solved by the evidence of the burden of proof, the Court will make the best order that it can in the circumstances, and in *Bailey v. Hammond* (1802), 7 Ves. 590, payment was ordered on a recognizance to refund in the event of a claim. In *Danby v. Danby* (1859), 5 Jur. (N.S.) 54, a young man who was likely to correspond with his friends went abroad in delicate health and had not been heard of for some years. A fund was ordered into Court on a *prima facie* presumption

that he had pre-deceased his father who died within two years of his going abroad.

It has been held that trustees must guide themselves by the presumption of death in the same manner as a Court of law would do, but the Bank of England is not obliged to act on evidence of death which a Court would accept as sufficient. Some of the most common cases of these indemnities are—

(1) Under a will or intestacy where the property or a share is divisible among members of a class and some one or more of the persons who would be entitled, if alive, have not been heard of for many years.

(2) Under a will where an income is payable to some person for his life, but no positive evidence is forthcoming as to whether he is alive or dead.

(3) Where property is divisible among rather remote relatives who are personally unknown to the administrators and there is a possibility that some collateral branch of the family has been overlooked.

(4) Where a man who is missing may have married and had children and it would appear that his rights would devolve on them even if he did not survive a given date.

These are but examples of the sort of proposal that is made. Every case has its own peculiarities and must be judged on its own merits.

Some points are the age of the party concerned, his position in life, his state of health when last heard of, the circumstances of his departure, and whether he left people with whom he might be expected to communicate. On the other hand, did he leave in anger or had he good and sufficient reasons for not wishing his whereabouts to be known?

Arguments based on non-communication must be discounted very considerably in the case of persons who would not find the pen a familiar instrument, and indeed in all cases. Some people act on a certain impulse and, having taken a step, cannot bring themselves to go back on it.

The writer was recently dealing with a case where it was intended to apply for leave to presume death in order to deal with some house property belonging to the missing man.

He was a single man, aged 39, the proprietor of a prosperous business in the north of England, which he had taken over from his previous employer.

One Saturday in the spring of 1935 he left the house of his mother, with whom he lived happily, saying he was going away for the weekend. He did not return and every effort to trace him was

unavailing. Enquiries and advertisements produced nothing. He was a man who had to write for the purposes of his business, and was accustomed to writing letters.

The affidavits had been prepared for filing when his sister went to London to attend a function in connection with the Civil Defence Service and met him in the street. He was in excellent health, and in a good situation and generally prosperous. He had apparently gone off on a sudden impulse (probably the business worried him a bit) and having taken the step did not like to return home.

It was a case where doubtless an order would have been made or a company would have issued an indemnity.

An even stranger case came before the Privy Council recently. Kumar Rammundia Narayan Roy was pronounced to be the second son of the late Raja of Bowal. He fell ill and was taken for dead and was about to be cremated. A storm interrupted the rites and when the bearers returned from shelter they found the body gone. Meanwhile the claimant returning to consciousness, but with his memory in abeyance found himself amid a tribe of rude mendicants with whom he roamed for twelve years until he came to his own country and was recognized.

Going back some years, there is the historical case of the heir of the Annesleys kidnapped by a wicked uncle and after years of slavery in America appearing suddenly in the fleet, to be sent home by Admiral Vernon to prosecute his claim.

There are, of course, many cases where the person does genuinely disappear. He may change his name and abandon all evidence of his former identity, and the cases where the dead bodies of unknown people who are never identified are found are numerous.

The bona fides of the parties must be taken into account and the persons who receive the money will, as a rule, be required to take the ultimate responsibility by giving their counter indemnity to the insurance company, and the fullest particulars must be furnished of the enquiries that have been made and the publicity afforded by advertisements. The facts in regard to age, habits, and health are of the greatest importance in these cases.

In most cases it is necessary to rely upon the declarations made by members of the family who often have direct pecuniary interests which will tend to detract from the value of their statements. If, and so far as the facts can be within the knowledge of independent witnesses every effort should be made to supplement the information derived from sources which may be biased.

The wording of the indemnity given depends entirely on the facts of each particular case but the following is an example of a form which has been used—

MISSING BENEFICIARY INDEMNITY

This Indemnity is made this day of 19 between A.B. Administrator of the one part and the Insurance Company Ltd. (hereinafter called the Company) of the other part.

Whereas C.D. died intestate on the day of 19 and Letters of Administration to his estate have been granted to the Administrator and whereas it has not been possible to trace S.D. wife of deceased who was last heard of in 1900 and who if alive would be entitled to participate in the estate of the said C.D. and whereas after exhaustive enquiries and final insertion in the Press dated advertising for the said S.D. it is proposed by the Administrator at the expiration of three months from the date of the said advertisement to divide the estate equally between himself, the only son of Deceased and M.B. the only daughter of Deceased, if the said S.D. should fail to come forward by that time and nothing is known of her.

In consideration of the payment to the Company of the sum of £ it is hereby declared and agreed that in the event of the said S.D. at any time hereinafter proving her claim to the estate of the deceased to the satisfaction of the Administrator and the Company, the Company will pay to the Administrator the amount of such claim not exceeding £

MARRIAGE AND ISSUE RISKS

Propositions are occasionally put before the companies for indemnities in respect of contingencies relating to marriage. They are generally of rather a special character and it is quite impossible to lay down any principles upon which they may be dealt with except to say that extreme caution must be exercised. Every case must be considered on its own merits. All that can be done here is to indicate a few of the circumstances in respect of which indemnities may be asked for.

The existence of a marriage now existing or at some past time contracted by a married individual is purely a question of fact and confirmatory evidence. Though it is a comparatively easy matter to search the register in this country, it would be an impossible task to conduct a world-wide search, and it is not in every country that marriages are registered.

The system of registration of births and deaths introduced in 1837 was re-enacted with greater provision and completeness in 1874 by the Births and Deaths Registration Act, 1874, which amplified and strengthened the means of enforcing the provisions of the system.

On these grounds it is usually said that compulsory registration dates from 1874, but this is an over-simplification of the facts which tends to be misleading.

At the General Register Office are kept—

The certified copies of the registers of births, marriages and deaths in England and Wales since 1st July, 1837.

The Returns of births and deaths on board His Majesty's Ships and on board British ships.

The Registers of births and deaths in the Ionian Islands between 1861 and 1864.

The Adopted Children Register.

A large number of non-parochial registers.

The Army and Air Force Returns.

The Registers of marriages of British subjects in foreign countries solemnized by British Consuls or other marriage officers.

The Registers of marriages in India solemnized in the presence of registrars and licensed ministers.

The Registers of marriages of British subjects solemnized in the Ionian Islands between 1861 and 1864.

The Register of certified places of worship.

The Fleet registers.

Miscellaneous home and foreign registers.

Register of marriages of British subjects solemnized on board His Majesty's Ships.

A detailed list of registers, documents and records kept in the General Register Office may be obtained free of charge from the Registrar-General.

There is a legal presumption in favour of marriage. If it is proved that two persons went through a form of marriage and subsequently lived together as man and wife, it will be presumed until the contrary is shown that they have been lawfully and validly married.

Mere cohabitation as man and wife, if the parties were esteemed and reputed as such by those who knew them, may suffice to raise the presumption.

But in proceedings of a penal nature, such as bigamy or adultery, the presumption if it were set up would be neutralized by that of the innocence of the party charged, and therefore in such cases the marriage must be proved by evidence.

The future marriage of an unmarried person or widow is a risk that most frequently arises in connection with clauses in wills under which the income or part of the income of an estate passes from the widow on remarriage, or where a widow or spinster has power to give the income after her own death to any husband she may leave surviving.

These requests usually come from reversioners who wish to raise money on their interest. It is a very personal question and any confidential reports on the age or unattractiveness of the lady are hardly likely to carry much weight with the company. A lady who enjoys a large income to which she has power to appoint may not be an unattractive bride to some man, in spite of advanced age and other disadvantages.

The future marriage of a person who has a living spouse is a combination of the risks of survivorship and divorce, together with the likelihood of a second marriage. While the first risk can be actually calculated, the two latter are beyond the assessment even of an actuary.

Proposals in respect of the future marriage of a named person with someone not of his or her race or creed are generally in connection with the settlements and wills of Jews, and, in view of the fact that the marriage of a Jew with a Gentile is comparatively rare, the risk is sometimes considered insurable. Occasionally testators are found to have introduced stipulations for forfeiture on marriage with a Roman Catholic.

The hazard is, of course, reduced where the person is already married and not separated from his or her spouse.

Insurances of issue risks are from time to time required in connection with mortgages or sales of life interests or reversions and the distribution of deceased estates.

There are no statistics on which to base the underwriting and the circumstances differ so widely that it is entirely a case of individual judgment.

The risks may be divided into those dealing with—

- (1) Living or deceased issue.
- (2) Future issue.

Living or Deceased Issue. There is no presumption of law as to whether a deceased person had issue or not, and the risk depends entirely upon the facts so far as they are ascertainable.

Future Issue. The risk of future issue by a male is usually uninsurable. Medical evidence of incapacity if submitted is not, as a rule, to be relied upon unconditionally, and in any case the moral hazard is considerable.

There is a presumption of law that the generative faculty of a man does not disappear through age.

There is no presumption of law as to whether a deceased person had issue or not, nor as to the particular age at which a woman is or is not past childbearing. The age of fifty-three was presumed in a case where no interest other than possible unborn issue was affected.

A child born of a married woman during the continuance of the marriage or within the period of gestation after its termination, is presumed to be legitimate.

In the case of women it would not, as a rule, be possible to insure against issue when the present age is below forty-seven or forty-eight, and insurance is not usually asked for when the age exceeds fifty-four. In connection with proposals which refer to the intervening years (forty-seven to fifty-four) medical evidence is sometimes available which leaves little doubt about the risk involved.

The numerous instances on record of females of advanced age bearing children are mostly in relation to women born before the Births and Deaths Registration Act, 1874, but a case occurred in January, 1925, of a woman aged 51 years and 335 days who gave birth to a child, and a popular newspaper, as the result of a competition discovered a case where a woman was 53 years and 224 days old.

MENTAL PATIENTS RECOVERING SANITY

This is a contingency which companies are occasionally asked to insure against by special indemnity policies.

It is a difficult risk to assess. Some patients are incurable, others are believed by their doctors and relations to be incurable, but with a change of treatment or different surroundings succeed in falsifying expectations that are apparently well founded.

As is well known to insurance men it is provided by statute that the word "lunatic" (except in the phrase "criminal lunatic" and in relation to persons detailed as lunatics outside England) shall cease to be used, and that there shall be substituted for that word in all legal documents the expressions "person of unsound mind," "patient of unsound mind," "patient," or such other expression as the context may require.

The circumstances under which these cases arise are usually in connection with wills or settlements.

It may sometimes happen that the contents of the will of a person of unsound mind are known, and the expectant heirs wish to anticipate his demise, being fully persuaded that his state of mind can never permit of any revocation of the gifts in their favour. In the other cases property passes under settlement in a particular way in default of the execution by a patient of a valid deed of appointment. There may be the best reasons for believing that he has never executed such a deed and good ground for supposing that he never can. Lenders, however, will not be content with something less than a certainty, and require an insurance company's indemnity against loss by reason of the patient recovering and making an appointment in favour of some person other than the mortgagor.

Each proposal must be judged on the facts and evidence, the standing of the medical examiner and the degree of certainty which he expresses being important factors in addition to the age of the patient, his family history and the duration of the malady.

CHAPTER X

CREDIT INSURANCE

A COMPANY was floated in the time of the South Sea Bubble to transact this class of business ; but the first serious attempt to undertake the business was by the Trade Acceptance Guarantee Syndicate in 1896. From that time until the end of the first world war, the Ocean, the Commercial Union, Lloyd's Underwriters and the Excess were all interested in turn. The Trade Indemnity was founded in 1918 and took over the credit insurance department of the Excess.

The shares of the Trade Indemnity are now held by several of the big composite offices, and the Trade Indemnity is now the only company transacting the business. In addition the Government are transacting the business through the Export Credits Guarantee Department of the Board of Trade.

When the Trade Indemnity was founded it was thought that credit insurance would be of considerable assistance in re-establishing British export trade which had been interrupted by the war, but the business did not develop quite as expected. From 1918 up to 1930 not more than 40 per cent of the company's premium income related to export credit risks, from 1930 to 1939 the proportion dropped to 20 per cent, and at the present time it is 10 per cent.

The reasons for this diversion of the business from its expected line of development are bound up with the growth of political risks and the general policy of the Export Credits Guarantee Department of the Board of Trade, which is referred to later.

It should be observed that in every case the insurance is connected with mercantile transactions and it must be distinguished from financial guarantees which relate to cash loans and advances for a variety of purposes.

The indebtedness covered by a credit insurance policy is usually short term and arises from the sale or movement of goods. The transactions are normally self-liquidating out of the proceeds or product of the goods, though this is not quite true of capital goods which may take many years to pay for themselves and therefore constitute a special problem.

In contrast, a financial loan or advance for which a guarantee is required is a means of providing working capital for a business and depends for repayment on the degree of success of this business in the future.

A credit insurance policy is a contract on the basis of the utmost good faith. A guarantor on the other hand is under an obligation to satisfy himself as to the merits of the proposition. He cannot rely, as the insurer does, on full disclosure of all material facts by the person to whom the guarantee is given.

Credit insurance is obviously a great aid to finance. A credit insurance policy can be used directly or indirectly as general or specific security for advances made by banks or other financial institutions. The insured can ask the insurance company to agree to an assignment of the policy in favour of a recognized banking house, or in the case of a policy in covering duly accepted bills of exchange he can ask the company to give a special form of undertaking to a bank, accepting or discount house. Since the war this undertaking has been re-drafted to guarantee payment of the insured percentage of the bill within 90 days of due date. This payment does not wait on insolvency.

A special guarantee of this kind operates irrespective of the terms and conditions of the policy in respect of which it is given, but if the policy is invalidated by the insured or if for any other reason the insurance company is called upon to pay a loss under the guarantee which would not normally be due under the policy, the insured must make good the amount.

This means that the insured is in no better position than would normally be the case under his policy but the bank or other financial institution, which is interested in the transaction as a third party, is treated in a privileged way and can count on reimbursement within a fixed period after due date.

It is the fixed payment date which is most attractive to the bank, though even if there is only an ordinary assignment, the fact that a merchant or manufacturer has taken out a credit insurance policy should, and does, enable those who are considering assisting him financially to take a more favourable view of the risk than would otherwise be the case.

While goods are in possession of the seller and in transit the hazard of fire, theft and damage exist, and these can be adequately insured, but directly possession passes to the buyer who purchases the goods on credit an entirely new hazard is introduced, namely the risk of the buyer failing to make payment for the goods on the agreed date.

There are many circumstances which may arise during the period of credit that may cause the buyer to default in meeting his obligations under the contract of purchase, excluding the possibility of dishonesty, bad faith, repudiation of terms and conditions of sale, and technical disputes generally. It may be that market fluctuations, variations in

foreign exchange, heavy losses or speculations may affect the financial position of the buyer to such an extent that he finds it impossible to pay at the agreed date for the goods he has purchased.

Practically only two courses are then open to the seller. He must either allow further time in the hope that within the extended period the debtor may retrieve his financial position, or alternatively apply legal pressure to enforce payment. Legal pressure may result in the seller obtaining payment, or alternatively the debtor may become bankrupt or compound with his creditors. It is against these latter events that the credit insurance policy is designed to protect the seller by relieving him of a material portion of the loss he sustains, through granting credit to customers whose financial position proves that the trust placed in them was unwarranted.

The insurance of bad, doubtful or irregular accounts is never undertaken. The basis of the business is the sharing of credit risks with the insured. The company accepts up to an agreed percentage, 50 per cent, 75 per cent or possibly even 90 per cent, but never 100 per cent, of the amount of the net loss which the assured may sustain by reason of a customer becoming insolvent, in respect of goods sold in the ordinary and general way of trade and the assured undertakes to retain the balance at his own risk.

The insurance is limited to entirely fresh transactions, and proposals must be made either about the time the actual contract of sale is entered into or in anticipation of future contracts. The reason for this limitation arises primarily from the fact that if no such restriction existed there would be a danger of imposition by ignorant or dishonest applicants in the event of altered conditions arising between the date of the contract and the date of the application.

The policies cover credits in respect of goods delivered under contracts of sale entered into during a certain specified period, the commencing date generally being the date on which a definite application is made. In any case it is never more than fourteen days prior thereto.

Credits in respect of goods which are delivered before the date of issue of the cover note are in no circumstances included in the policy.

Should the insured grant credit exceeding the amounts covered, such excess credit is borne by the insured and is not taken into account on adjustment of a loss.

The policy is based upon a proposal and declaration which forms the basis of the contract.

In addition to the commoner credit insurance policies there are many special types. There is for instance the "loss on resale"

policy for goods shipped overseas on cash against documents terms where no credit risk arises and there is a "market difference" policy to cover possible losses on forward contracts in the commodity markets.

There is, also, a special form of policy applicable to construction contracts where the risk to be covered is loss on work in progress not paid for by reason of the failure of the concern for which the work is being carried out.

Apart from risks which can be covered by standard policies, there are a great many credit insurance propositions which are peculiar to themselves and necessitate special treatment. Thus, there is no standard wording for policies to cover anticipatory credits, the terms of which are subject to any variations. In the case of risks on State undertakings and public bodies, commercial insolvency does not apply and in effect cover against default is provided. In those circumstances, a policy to pay a loss six or 12 months after default is issued. The insured must prove that the default is not due to a dispute about the terms of the contract, and non-payment through war, revolution and similar political contingencies is excluded.

There is no war exclusion clause in an ordinary credit insurance policy in so far as the risk of insolvency is concerned. Insolvency caused by war is covered but the difficulty is to prove insolvency of a debtor in an enemy or enemy-occupied country while the state of war persists.

The commoner forms of credit policies in general use are mentioned below.

BILLS OF EXCHANGE

A declaration policy to cover bills of exchange drawn on customers in respect of goods sold and delivered. All duly accepted bills must be declared and written off the turnover for which the policy is taken out. The policy is exhausted when bills declared aggregate the amount of such turnover. The assured has the option of extending or renewing the bills for a period of three months from the original date of maturity, subject to the payment of proportionate additional premium.

This form of policy is useful to sellers expecting to draw in a series over a given period. The rates are based on the period of the bills and not per annum.

The proposal is in the form given on pages 123-4 and the form of policy is given on pages 124-5. The special terms of the arbitration clause will be observed.

PROPOSAL FOR CREDIT INSURANCE POLICY

Please inform us of the terms on which you are prepared to issue a Policy in accordance with the specimen wording printed on the back hereof to pay per cent of any loss we may suffer by reason of the insolvency of any Buyer named in the Schedule hereto in respect of the non-payment of any insured Bill of Exchange.

The period of the Policy shall begin on19... and end on19... (both days inclusive) but the Policy shall in any event be exhausted when declarations duly made thereunder amount in aggregate to £.....

The limit of credit to be insured at one time and the duration of the Bills of Exchange are set out in the schedule hereto and to enable you to fix the terms of the policy we give you the following information which must be treated in the strictest confidence.

QUESTIONS TO BE ANSWERED BY THE APPLICANTS	ANSWERS
1. (a) Do you require this insurance to cover prospective business or contracts already on your books ? (b) If the latter give details, including dates of contracts and amounts remaining to be delivered.	(a) (b)
2. (a) Have you previously submitted a proposal for Credit Insurance to any other Company or Institution in respect of any of the Buyers named in the Schedule hereto ? (b) If so, please give particulars and state whether such proposal was declined or accepted.	(a) (b)
3. (a) Do you hold any Policy of Insurance or guarantee or any security in connection with credit you are now granting or propose to grant to any of the Buyers named in the Schedule hereto ? (b) If so, give particulars.	(a) (b)
4. (a) Have you previously granted credit to any of the Buyers named in the Schedule hereto ? (b) If so, were they punctual in paying accounts ?	(a) (b)
5. Have you any reason to believe any of the Buyers named in the Schedule hereto to be in financial difficulties ?	

DECLARATION

The answers to the foregoing questions are to the best of our knowledge and belief correct, and we are not aware of any circumstances which might influence your acceptance of the risks submitted.

In the event of a Policy being issued this declaration shall be considered to be the basis of the contract contained in the Policy or in any continuation thereof.

Signature of Applicant

Address

Trade

Date ...19.....

SCHEDULE

Full Name, Address and Trade of Buyer	Limit of Credit to be Insured at One Time % of:	Duration of Bills

CREDIT INSURANCE POLICY

(Bills of Exchange)

Insurance

POLICY OF INSURANCE granted by the INSURANCE COMPANY LIMITED (hereinafter called "the Company") to (hereinafter called "the Assured").

A. In consideration of a premium of £ and subject to the terms conditions and definitions of the Policy and within the limits of the schedule hereof the Company agrees to pay the Assured per cent (hereinafter called "the insured percentage") of any loss which the Assured may suffer by reason of the insolvency of any Buyer named in the Schedule to the Policy in respect of the non-payment of any insured Bill of Exchange that is to say any Bill which:

- (1) is duly drawn by the Assured upon the Buyer and
- (2) is duly accepted by the Buyer and
- (3) is in payment of goods which
 - (a) form the subject matter of a Contract of Sale entered into between the Assured and the Buyer during the period of the Policy and
 - (b) have pursuant to the Contract of Sale been delivered by the Assured to the Buyer during the period of the Policy and prior to the date on which insolvency or any act of bankruptcy of the Buyer first comes to the knowledge of the Assured and
- (4) is of a duration not exceeding the duration set out opposite the Buyer's name in the Schedule to the Policy.

B. The period of the Policy begins on the 19 and ends on the 19 (both days inclusive) but the Policy shall be exhausted in any event when declarations duly made hereunder amount in aggregate to £

C. The Proposal made by the Assured and the Declaration contained in it are expressly accepted by both parties as being of the essence of the contract contained in the Policy and by accepting the Policy the Assured warrant that the statements made in the Proposal and the Declaration were true at the date of the Proposal and at the date when the Company agreed to issue the Policy but this Warranty is not to be construed as limiting the obligation imposed on the Assured by law to disclose to the Company all material circumstances and generally to use the utmost good faith.

D. Due observance of all the terms and conditions of the Policy and payments of the premiums and of any additional premiums payable under the Policy is a condition precedent to any liability of the Company and if the Assured makes any claim knowing it to be false or fraudulent as regards amount or otherwise the Policy shall become void and all claims under it shall be forfeited.

E. No assignment by the Assured of any rights under the Policy shall be effective unless the consent of the Company has been first obtained and the form of the assignment has been approved by the Company.

CONDITIONS

1. The Assured must at all times bear at his own risk the whole of the credit in excess of the insured percentage.

2. Every Bill which at the date when it is drawn falls wholly or partly within the limits of the schedule to the Policy and is in accordance with Clause A on the face of the Policy must be declared by the Assured immediately after it is drawn and if only part of a Bill is within the limits of the schedule to the Policy then that part only shall be deemed to be an insured Bill.

3. The Assured must notify to the Company any default in payment, act of bankruptcy or insolvency of a Buyer immediately it comes to the knowledge of the Assured.

4. The Assured may renew or extend any insured Bill in whole or in part for a period not exceeding three calendar months from the original date of maturity, or may allow time for payment of any such bill for a period as aforesaid. Any Bill so renewed or extended or in respect of which such time for payment shall have been allowed shall continue to be an insured Bill provided that the Assured

(i) advises the Company of the renewal, extension or allowance of time not later than seven days after knowledge of non-payment and

(ii) pays to the Company a proportionate additional premium for the renewal, extension or allowance of time any part of a week being calculated as a week.

5. Upon insolvency or any act of bankruptcy or (without prejudice to the Assured's rights under the preceding condition) upon any default in payment the Assured must thenceforth consult with the Company and take all reasonable and prudent steps to mitigate the amount of any loss which the Assured may have incurred or may be likely to incur and in particular to enforce prompt payment of any insured Bill.

6. The Company may at any time examine or take copies of any letters, accounts or other documents in the possession or control of the Assured connected with this insurance or with any transactions between the Assured and any insured Buyer and the Assured must at the request of the Company supply the Company with information in the possession of the Assured or take any reasonable steps to obtain for the Company any information or the sight of any documents in the possession of any third party relating to or connected with this insurance or any transaction between the Assured and any insured Buyer.

7. The payment of any claim under this Policy shall take place within thirty days after the insured debt has been admitted to rank against the insolvent estate in favour of the Assured and the Assured shall pay over to the Company the Company's proportion of any salvage realized from time to time and shall if the Company so require at the date of payment of the claim or at any subsequent date transfer to the Company all the Assured's rights to the whole or any part of the salvage provided that the Company shall account to the Assured for any part of such salvage in excess of the Company's proportion as and when the same shall from time to time be realized by the Company.

8. Any dispute in relation to this Policy or to any claim alleged to have arisen hereunder shall be referred to and determined by a single legal Arbitrator to be agreed upon between the parties or in default of agreement to be nominated by the President for the time being of the Law Society. The Arbitrator from time to time acting under these presents shall have all the powers conferred upon Arbitrators by the Arbitration Act 1889 or any statutory modification thereof or addition thereto.

DEFINITIONS

For the purposes of the Policy:—

1. There is "insolvency" when

In the case of an individual within the jurisdiction of the English Court an adjudication in bankruptcy has been made against the Buyer or a receiving order having been made against the Buyer a composition or a scheme of arrangement has been approved by the Court or a valid assignment, composition or other arrangement has been made by the Buyer for the benefit of his creditors generally or

In the case of a Company within the jurisdiction of the English Court an order has been made against the Buyer for a winding up by the Court or an effective resolution has been passed for the voluntary winding up of the Buyer or a compromise or arrangement has been made binding on the Buyer and all the Buyer's creditors or a receiver on behalf of the debenture holders or other creditors of the Buyer has been appointed.

In any other case there is "insolvency" when some step has been taken by a Court or by the Buyer which (under the law administered by the Court having jurisdiction) has an effect equivalent to any one of the steps set out above under English law provided that "insolvency" shall not be taken to have occurred when as the result of any legislative or executive Act of State the Buyer is entitled or obliged merely to postpone payment.

2. An "act of bankruptcy" shall include any act or omission on the part of the Buyer whether the Buyer is domiciled in England or abroad which if done in England would be an act of bankruptcy or in the case of a Company would be sufficient ground for a winding up order by the Court.

3. The loss covered shall be the insured percentage of that part of any insured Bills which is admitted to rank against the insolvent estate in favour of the Assured less the relative proportion of the salvage that is to say any dividends paid out of the insolvent estate in respect of the insured Bills and any moneys, securities, indemnities, guarantees, rights of action, counterclaim or set-off or other advantages held by the Assured.

OPEN ACCOUNT

This is a floating declaration policy to cover open account transactions. The amount of each invoice has to be declared and written off the amount of the turnover for which the policy is issued. The assured has the option of extending the original credit for a period not exceeding three months subject to payment of proportionate additional premium. The premium is based in the same manner as for Bills of Exchange policy.

The questions in the proposal form are the same as above.

The headings to the schedule are—

Full Name, Address and Trade of Buyer	Limit of Credit to be Insured at One Time % of :	Period of Credit
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The insuring clause of the policy is as follows—

In consideration of a premium of £ and subject to the terms conditions and definitions of the Policy and within the limits of the Schedule hereof the Company agrees to pay the Assured per cent (hereinafter called "the insured percentage") of any loss which the Assured may suffer by reason of the insolvency of any Buyer named in the Schedule to the Policy in respect of the non-payment of any insured Debt that is to say any Debt which:

- (1) is owing by the Buyer to the Assured in respect of the invoice value of goods which
 - (a) form the subject matter of a Contract of Sale entered into between the Assured and the Buyer during the period of the Policy and
 - (b) have pursuant to the Contract of Sale been delivered by the Assured to the Buyer during the period of the Policy and prior to the date on which insolvency or any act of bankruptcy of the Buyer first comes to the knowledge of the Assured and
- (2) is subject to terms of credit not exceeding the period set out opposite the Buyer's name in the Schedule to the Policy.

The proposal is made the basis of the policy which is made subject to the conditions and no assignment is effective without the consent of the company.

Conditions 1, 5, 6, 7 and 8 are similar to the previous policy but conditions 2, 3 & 4, are modified to meet the particular cover of the policy as follows—

2. Within seven days after each and every despatch of goods giving rise to an insured Debt the Assured shall declare to the Company the whole or that part of the invoice value falling within the limits of the Schedule at the date of delivery and if only part of the invoice value falls within the limits of the Schedule then that part only shall be deemed to be an insured Debt.

3. In the event of any Buyer failing to pay any insured Debt within fourteen days after the original date of maturity in accordance with the period of credit set out opposite the Buyer's name in the Schedule to the Policy the Assured must notify the Company immediately. The Assured must notify to the Company any act of bankruptcy or insolvency of a Buyer immediately it comes to the knowledge of the Assured.

4. The Assured may allow time for payment for a period not exceeding three calendar months from the original date of maturity and any Debt so extended shall continue to be an insured Debt provided that the Assured

- (i) advises the Company of the allowance of time not later than fourteen days after knowledge of non-payment at the original date of maturity and
- (ii) pays to the Company a proportionate additional premium for the extended period beyond fourteen days from the original date of maturity any part of a week being calculated as a week.

The definitions are the same as in the first policy, *mutatis mutandis*.

TIME POLICY

This policy insures the solvency of one or more customers during a specified period but not exceeding twelve months in respect of credit for goods sold and delivered. The risk is based on the largest amount of credit which the assured would have running at any time on the customer during the period of the policy irrespective of the amount of the turnover. The policy applies to either open accounts or bills of exchange. No declarations are necessary. The cover is continuous subject to payment of the annual premium, each new policy taking over the debts current at the time of renewal. Where an assured is doing a regular business with a customer and a credit is always open, this form of policy is the most suitable.

The policy, which is based upon a proposal and declaration similar to that used for a bill of exchange policy, is in the following form—

CREDIT INSURANCE POLICY

(Time)

POLICY OF INSURANCE granted by the
LIMITED (hereinafter called "the Company") to
(hereinafter called "the Assured").

INSURANCE COMPANY

A. IN CONSIDERATION of a premium of £ and subject to the terms conditions and definitions of the Policy and within the limits of the Schedule hereof the Company agrees to pay the Assured per cent. (hereinafter called "the insured percentage") of any loss which the Assured may suffer by reason of the insolvency of any Buyer named in the Schedule to the Policy in respect of the non-payment of any insured Debt that is to say any Debt which is owing by the Buyer to the Assured in respect of the invoice value of goods which

- (1) form the subject matter of a Contract of Sale entered into between the Assured and the Buyer during the period commencing 19 and ending 19 (both days inclusive) and
- (2) have pursuant to the Contract of Sale been delivered by the Assured to the Buyer during the said period and prior to the date on which insolvency or any act of bankruptcy of the Buyer first comes to the knowledge of the Assured and

PROVIDED THAT the insolvency of the Buyer shall have occurred on or before the day of 19 . . .

B. THE PROPOSAL made by the Assured and the Declaration contained in it are expressly accepted by both parties as being of the essence of the contract contained in the Policy and by accepting the Policy the Assured warrant that the statements made in the Proposal and the Declaration were true at the date of the Proposal and at the date when the Company agreed to issue the Policy but this Warranty is not to be construed as limiting the obligation imposed on the Assured by law to disclose to the Company all material circumstances and generally to use the utmost good faith.

C. DUE OBSERVANCE of all the terms and conditions of the Policy and payment of the premiums and of any additional premiums payable under the Policy is a condition precedent to any liability of the Company and if the Assured makes any claim knowing it to be false or fraudulent as regards amount or otherwise the Policy shall become void and all claims under it shall be forfeited.

D. NO ASSIGNMENT by the Assured of any rights under the Policy shall be effective unless the consent of the Company has been first obtained and the form of the assignment has been approved by the Company.

CONDITIONS

1. The Assured must at all times bear at his own risk the whole of the credit in excess of the insured percentage.

2. The Assured must notify to the Company any act of bankruptcy or insolvency of a Buyer immediately it comes to the knowledge of the Assured and must advise the Company in the event of the account of a Buyer becoming more than three months overdue as from the due date of payment provided for by the original terms of the credit granted to the Buyer.

3. Upon insolvency or any act of bankruptcy the Assured must thenceforth consult with the Company and take all reasonable and prudent steps to mitigate the amount of any loss which the Assured may have incurred or may be likely to incur and in particular to enforce prompt payment of any insured Debt.

4. The Company may at any time examine or take copies of any letters, accounts or other documents in the possession or control of the Assured connected with this insurance or with any transactions between the Assured and any insured Buyer and the Assured must at the request of the Company supply the Company with any information in the possession of the Assured or take any reasonable steps to obtain for the Company any information or the sight of any documents in the possession of any third party relating to or connected with this insurance or any transaction between the Assured and any insured Buyer.

5. The payment of any claim under the Policy shall take place within thirty days after the insured Debt has been admitted to rank against the insolvent estate in favour of the Assured and the Assured shall pay over to the Company the Company's proportion of any salvage realized from time to time and shall if the Company so require at the date of payment of the claim or at any subsequent date transfer to the Company all the Assured's rights to the whole or any part of the salvage provided that the Company shall account to the Assured for any part of such salvage in excess of the Company's proportion as and when the same shall from time to time be realized by the Company.

6. Any dispute in relation to the Policy or to any claim alleged to have arisen thereunder shall be referred to and determined by a single legal Arbitrator to be agreed upon between the parties or in default of agreement to be nominated by the President for the time being of the Law Society. The Arbitrator from time to time acting under these presents shall have all the powers conferred upon Arbitrators by the Arbitration Act 1889 or any statutory modification thereof or addition thereto.

The definitions have been omitted as they are essentially the same as in the other policies.

If the policy is issued on an adjustable basis a clause is added to provide for declaration of the amounts owing at stipulated intervals in order that the premium may be calculated on the insured percentage of the fluctuating balance outstanding from time to time.

Apart from the fact that the Bills of Exchange policy covers duly accepted bills in payment for the invoice value of goods, and the Open Accounts policy covers credits granted in the same connection, there is no fundamental difference between them. They are issued for a period not exceeding twelve months for a definite turnover.

The premium which is calculated on the insured proportion of this turnover, is payable in advance. In the schedules of the policies are set forth the names of the customers to be insured, with the limit of the amount to be outstanding in each case and the terms of payment.

Under the bills of exchange policy the assured must declare each bill of exchange drawn and accepted. Under the open policy he must declare the amount of every invoice in the same way. The declarations are deducted from the turnover of the policy until it is exhausted or until the policy is time expired.

Credit granted in excess of the limits specified in the schedule is entirely outside the scope of the policy and therefore need not be declared unless it is required that it should come on risk as and when earlier amounts run off. In that case it must be declared from inception, even though it is not immediately covered.

Credits not declared within the period allowed by the policy cannot subsequently be declared without the company's written consent, and unless such consent is given no liability attaches to the company in respect of such credits.

The time policy insures against the event of a customer becoming insolvent during a period not exceeding twelve months in respect of credit granted up to a specified limit outstanding at one time. No declarations are necessary as the actual turnover does not affect the basis of the insurance.

The premium is payable on the insured proportion of the outstanding limit of credit covered by the policy.

No return of premium is allowed in the event of the full limit of credit not being outstanding during the whole period of the policy.

SPECIAL ACCOUNT CREDIT POLICY

The principles of this class of policy are similar to those already dealt with but there are several alternative methods, and the policy can cover either prospective business or contracts already entered into.

The proposal form is similar, with the addition of questions asking which particular method of insurance is desired, and contains the usual declaration which forms the basis of the policy.

The schedule to the proposal form is as follows—

Full Name and Address of Buyer	Limit of Credit to be insured at one time % of:	Terms of Payment	Period of Credit involved if different from Terms of Payment
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The following is the form of policy and the riders which are used for defining the particular method of insurance which has been selected.

SPECIFIC ACCOUNT CREDIT POLICY

POLICY OF INSURANCE granted by the _____ INSURANCE COMPANY, LIMITED (hereinafter called "the Company") to _____ (hereinafter called "the Insured") carrying on business as _____ IN CONSIDERATION of a _____ premium of _____ payable in advance and _____

SUBJECT TO the terms conditions and definitions of the Policy and within the limits thereof the Company agrees to indemnify the Insured against loss by reason of the insolvency or protracted default of any of the Insured's Buyers whose names appear in Column 1 of the schedule of the Policy in respect of the non-payment of any insured Debt that is to say any Debt owing by the Buyer for the invoice value of goods sold by the Insured to the Buyer in the ordinary course of the business of the Insured and delivered to the Buyer during the period beginning on the _____ 19 _____ and ending on the _____ 19 _____ (both days inclusive).

PROVIDED ALWAYS THAT—

- (1) The goods form the subject matter of a contract of sale entered into between the Insured and the Buyer during the above-stated period and under which the terms of payment for the goods are as stated in Column 2 of the schedule of the Policy or do not involve credit beyond the period stated in Column 2.
- (2) The Insured shall not deliver goods to a Buyer after the Insured has knowledge of the insolvency or any act of bankruptcy of the Buyer.
- (3) The gross indebtedness insured in respect of a Buyer at any one time shall not exceed the amount specified in Column 3 of the schedule of the Policy against the name of the Buyer and in the event of the amount owing by the Buyer being greater than the amount specified in Column 3 of the schedule then the excess amount shall be outside the limits of the Policy.
- (4) The Company's liability shall be limited to the percentage(s) specified in Column 4 of the schedule of the Policy against the name of the Buyer of the loss above referred to which shall be admitted to rank against the insolvent estate of the Buyer or which in the case of protracted default shall not be disputed by the Buyer less the relative proportion of any salvage.
- (5) The Proposal made by the Insured and the Declaration contained in it are expressly accepted by the Insured and the Company as being of the essence of the contract contained in the Policy and by accepting the Policy the Insured warrant that the statements made in the Proposal and the Declaration were true at the date of the Proposal and at the date when the Company agreed to issue the Policy but this warranty is not to be construed as limiting the obligation imposed on the Insured by law to disclose to the Company all material circumstances and generally to use the utmost good faith.
- (6) Due observance of all the terms and conditions of the Policy and payment of the premiums and of any additional premiums payable under the Policy is a condition precedent to any liability of the Company and if the Insured makes any claim knowing it to be false or fraudulent as regards amount or otherwise the Policy shall become void and all claims under it shall be forfeited.
- (7) No assignment by the Insured of any rights under the Policy shall be effective unless the consent of the Company has been first obtained and the form of the assignment has been approved by the Company.

SCHEDULE WITHIN REFERRED TO

COLUMN 1	COLUMN 2	COLUMN 3	COLUMN 4	COLUMN 5
Name and Address of Buyer	Terms of Payment or Period of Credit	Limit of Insured Debt applicable to any one Buyer at any one time	Insured Percentage(s)	Rate(s)

CONDITIONS

1. The Insured must at all times retain for his own account and uninsured any part of the risk which is not covered by the Policy.
2. In the event of any Buyer failing to pay any insured Debt _____ the original date of maturity in accordance with the terms of payment or period of credit set out opposite the Buyer's name in Column 2 of the schedule of the Policy the Insured must notify the Company immediately and (without prejudice to the Insured's right to allow time for payment in agreement with the Company) must thenceforth consult with the Company and take all reasonable and prudent steps (including transfer of the Insured's rights to the Company if so required by the Company) to mitigate the amount of any loss which the Insured may have incurred or may be likely to incur.
3. Upon insolvency or any act of bankruptcy of a Buyer the Insured must likewise notify the Company immediately it comes to the knowledge of the Insured and must thenceforth consult with the Company and take steps to mitigate the amount of any loss as provided for under Condition 2 above.

4. The payment of any claim under this Policy shall take place.

- (a) In the case of insolvency of a Buyer within thirty days after the insured Debt has been admitted to rank against the insolvent estate in favour of the Insured and the Insured shall pay over to the Company the Company's proportion of any salvage realized from time to time and shall if the Company so require at the date of payment of the claim or at any subsequent date if not already done transfer to the Company all the Insured's rights to the whole or any part of the salvage provided that the Company shall account to the Insured for any part of such salvage in excess of the Company's proportion as and when the same shall from time to time be realized by the Company.
- (b) In the case of protracted default within six months thereafter provided the insured Debt has been transferred to the Company for collection for at least ninety days.

5. The Company may at any time examine or take copies of any letters accounts or other documents in the possession or control of the Insured connected with this insurance or with any transactions between the Insured and any insured Buyer and the Insured must at the request of the Company supply the Company with any information in the possession of the Insured or take any reasonable steps to obtain for the Company any information or the sight of any documents in the possession of any third party relating to or connected with this insurance or any transaction between the Insured and any insured Buyer.

6. Any dispute in relation to the Policy or to any claim alleged to have arisen thereunder shall be referred to and determined by a single legal Arbitrator to be agreed upon between the parties or in default of agreement to be nominated by the President for the time being of the Law Society. The Arbitrator from time to time acting under these presents shall have all the powers conferred upon Arbitrators by the Arbitration Act 1889 or any statutory modification thereof or addition thereto.

DEFINITIONS

For the purposes of the Policy

1. There is "insolvency" when:—

In the case of an individual within the jurisdiction of the English Court an adjudication in bankruptcy has been made against the Buyer or a receiving order having been made against the Buyer a composition or a scheme of arrangement has been approved by the Court or a valid assignment composition or other arrangement has been made by the Buyer for the benefit of his creditors generally or

In the case of a Company within the jurisdiction of the English Court an order has been made against the Buyer for a winding up by the Court or an effective resolution has been passed for the voluntary winding up of the Buyer or a compromise or arrangement has been made binding on the Buyer and all the Buyer's creditors or a Receiver on behalf of the debenture holders or other creditors of the Buyer has been appointed.

In any other case there is "insolvency" when some step has been taken by a Court or by the Buyer which (under the law administered by the Court having jurisdiction) has an effect equivalent to any one of the steps set out above under English law.

2. There is "protracted default" when:—

A Buyer having accepted delivery of goods shall fail to pay for them within ninety days after the due date for payment without disputing liability or if the due date for payment has been postponed with the consent of the Insured within ninety days after the postponed due date provided that "protracted default" shall not include failure to pay for goods in any case where the Buyer is entitled or obliged by law to refuse payment.

3. An "act of bankruptcy" shall include any act or omission on the part of the Buyer whether the Buyer is domiciled in England or abroad which if done in England would be an act of bankruptcy or in the case of a Company would be sufficient ground for a winding up order by the Court.

4. "Salvage" consists of any dividends paid out of the insolvent estates and any moneys securities indemnities guarantees rights of action counter-claim or set-off or other advantages held by the Insured or otherwise available for the purpose of reducing the amount of the loss.

RIDERS USED IN CONJUNCTION WITH SPECIFIC ACCOUNT POLICY

1. **Open Account and/or Bill of Exchange Policies for a Limited Turnover.**

The Policy shall be exhausted when Declarations duly made thereunder amount in aggregate to £

2. **Bill of Exchange Policies covering duly accepted Bills only.**

No liability shall attach to the Company for any Debt until and unless the insured Buyer shall have accepted a bill of exchange duly drawn by the Insured upon the Buyer in payment of the Debt as provided for in Column 2 of the schedule of the Policy.

3. **Premium and Additional Premium Formula for Specific Account Policies covering Open Accounts.**

The Insured shall declare to the Company within seven days after each and every dispatch of goods giving rise to an insured Debt the whole or that part of the invoice value of goods falling within the limit(s) of the Policy. If at the date of Declaration part of the invoice value of the goods shall be in excess of the limit(s) of the Policy the Insured may elect to declare that part for inclusion within the said limit(s) as and when earlier invoices are paid prior to insolvency or any act of bankruptcy of the Buyer. Nevertheless, any part of the invoice value of the goods in excess of the limit(s) of the Policy which is not declared within seven days as aforesaid shall not be included subsequently within the said limit(s).

The premium due under the Policy shall be calculated at the percentage rate(s) specified in Column 5 of the schedule of the Policy on the gross amount of the invoices declared. Additional premium will be charged or a return of premium allowed as the case may be subject always to the Company retaining a minimum premium of £

Notwithstanding Condition 2 of the Policy the Insured may allow time for payment of an insured Debt for a period not exceeding three calendar months from the original date of maturity and any Debt so extended shall continue to be an insured Debt provided that the Insured notifies the Company and pays to the Company a proportionate additional premium for the extended period any part of a week being calculated as a week.

4. Premium and Additional Premium Formula for Specific Account Policies covering accepted Bills of Exchange.

The Insured shall declare to the Company within seven days after it is drawn the whole or that part of each and every Bill of Exchange which at the date when it is drawn falls within the limit(s) of the Policy and is in payment of an insured Debt as provided for in Column 2 of the schedule of the Policy.

If at the date of declaration part of a Bill shall be in excess of the limit(s) of the Policy the Insured may elect to declare that part for inclusion within the said limit(s) as and when earlier Bills are paid prior to insolvency or any act of bankruptcy of the Buyer. Nevertheless, any part of a Bill in excess of the limit(s) of the Policy which is not declared within seven days as aforesaid shall not be included subsequently within the said limit(s).

The premium due under the Policy shall be calculated at the percentage rate(s) specified in Column 5 of the schedule of the Policy on the gross amount of Bills declared. Additional premium will be charged or a return of premium allowed as the case may be subject always to the Company retaining a minimum premium of £

Notwithstanding Condition 2 of the Policy the Insured may renew or extend any insured Bill in whole or in part for a period not exceeding three calendar months from the original date of maturity or may allow time for payment of any such Bill for a period as aforesaid provided the Insured notifies the Company and pays to the Company a proportionate additional premium for the extended period from the original date of maturity any part of a week being calculated as a week.

5. Premium Formula for Specific Account Policies on an Adjustable Time Basis.

Within seven days after the day of each month while the Policy is in force the Insured shall declare to the Company the amount of any insured Debts (other than Debts where insolvency or protracted default has occurred) owing and within the limits of the Policy on the said day of the month. In cases where insolvency or protracted default occurs the Insured shall also declare to the Company the relative amount of insured indebtedness owing by the Buyer(s) concerned and within the limits of the Policy on the date of insolvency or protracted default as aforesaid.

The premium due under the Policy shall be calculated at the percentage rate(s) specified in Column 5 of the schedule of the Policy on the gross amount of insured Debts declared. Additional premium will be charged or a return of premium allowed as the case may be subject always to the Company retaining a minimum premium of £

6. Loss on Resale Clause.

Notwithstanding anything to the contrary contained in the Policy an insured Debt may include loss costs charges or other expenses incurred by the Insured in connection with the resale or disposal of goods sold to the Buyer during the period specified in the Policy for delivery within months of the date of the contract of sale but not delivered to the Buyer by reason of the insolvency or any act of bankruptcy of the Buyer occurring during the said period or within six months thereafter.

Provided always that the loss costs charges or other expenses are admitted to rank against the insolvent estate of the Buyer and in themselves fall within the limits of the Policy and taken in conjunction with insured indebtedness for goods delivered to the Buyer fall within the said limits augmented by 25 per cent.

Alternative methods of Specific Account Insurance are as follows—

<i>Method of Insuring</i>	<i>Riders</i>
1. Single Open Credit transaction	1. 3.
2. Series of Open Credit transactions for a limited turnover to be used up in a period of not exceeding twelve months with one or more approved Buyers	1. 3.
3. Series of Open Credit transactions with one or more approved Buyers for an indefinite turnover during a period of twelve months	3.
4. As for 1, but the insured indebtedness covered by duly accepted bill of exchange	1. 2. 4.
5. As for 2, but the insured indebtedness covered by duly accepted bill of exchange	1. 2. 4.
6. As for 3, but the insured indebtedness covered by duly accepted bill of exchange	2. 4.

7. "Fixed Time." Insurance of a fixed limit of credit outstanding at any one time during a period of twelve months on one or more approved buyers for a single fixed premium .. None
8. "Adjustable Time." Insurance of fluctuating credit limits outstanding from time to time on one or more approved buyers during a period of twelve months. The premium is calculated on the monthly or weekly outstanding balances 5.
9. As for 7, but the insured indebtedness covered by duly accepted bill of exchange 2.
10. As for 8, but the insured indebtedness covered by duly accepted bill of exchange 2. 5.

CREDIT (WHOLE TURNOVER) POLICIES (INCLUDING LOSS ON RESALE POLICY)

In addition to the policies which cover specific accounts in respect of which the company has an opportunity of investigating the standing of the customers concerned, it is possible to obtain policies giving cover for a proportion of losses in excess of a certain normal loss arising on the whole of the year's turnover. These policies are based on the past experience and the proposed individual account limits, and not directly on the standing of the customers, whose names are not submitted to the company.

Some risk also arises in connection with cash sales. The buyer may become insolvent during the period between the contract of sale and the date of delivery. The goods are still in the control of the seller, but market conditions and other circumstances may necessitate reselling at a lower price. The policies cover a proportion of this risk but before a claim is admitted the defaulting purchaser must be insolvent and the amount of the loss must be admitted to rank against his estate.

The forms used for these two classes of policy are similar except that, in the former, clause B, reading as follows, is omitted—

"For loss costs charges or other expenses incurred by the insured in connection with the resale or disposal of such goods sold to the buyer during the said period for delivery within ... months of the date of the contract of sale but not delivered to the buyer by reason of the insolvency or any act of bankruptcy of the buyer occurring within the said period or within six months thereafter."

The form for the comprehensive policy, as the Credit (whole turnover) including loss on Resale policy is termed, is as follows:—

COMPREHENSIVE (WHOLE TURNOVER) POLICY

POLICY OF INSURANCE granted by the INSURANCE COMPANY, LIMITED (hereinafter called "the Company") to (hereinafter called "the Insured") carrying on business as

IN CONSIDERATION of a deposit premium of £ payable in advance and adjustable at the percentage rate(s) specified in column 2 of the Schedule of the Policy applied to the turnover of insured transactions and

SUBJECT TO the terms conditions and definitions of the Policy and within the limits thereof the Company agrees to indemnify the Insured against loss by reason of the insolvency or protracted default of any of the Insured's Buyers in respect of the non-payment of any insured Debt that is to say any Debt owing by the Buyer

A. For the invoice value of goods sold by the Insured to the Buyer in the ordinary course of the business of the Insured and delivered to the Buyer during the period beginning on the 19 and ending on the 19 (both days inclusive).

B. For loss costs charges or other expenses incurred by the Insured in connection with the resale or disposal of such goods sold to the Buyer during the said period for delivery within months of the date of the contract of sale but not delivered to the Buyer by reason of the insolvency or any act of bankruptcy of the Buyer occurring during the said period or within six months thereafter.

PROVIDED ALWAYS THAT

(1) The Insured shall not sell or deliver goods to a Buyer after the Insured has knowledge of the insolvency or any act of bankruptcy of the Buyer.

(2) The Company's liability shall be limited to the percentage(s) specified in column 3 of the Schedule of the Policy (hereinafter called "the insured percentage(s)") of the loss above referred to which shall be admitted to rank against the insolvent estate of the Buyer or which in the case of protracted default shall not be disputed by the Buyer less the relative proportion of any salvage.

(3) When the total amount paid by the Company under the Policy shall aggregate the sum of £ or per cent on the turnover whichever shall be the greater amount then no further liability shall attach thereto.

(4) The Policy shall only apply to the accounts of Buyers whose head office is situated in one of the countries specified in column 1 of the Schedule thereof and the insured percentage and limit of any insured credit in accordance with A above shall for the purposes of the Policy be taken not to exceed the percentage and limit specified in columns 3 and 4 of the Schedule as applicable to any one Buyer in the country in which the Buyer's head office is situated unless the Company shall have approved in writing a larger insured percentage and/or limit in respect of that Buyer. The limit of insured indebtedness in accordance with A and B combined shall not exceed one and a quarter times the limit stated in Column 4.

(5) The Proposal made by the Insured and the Declaration contained in it are expressly accepted by the Insured and the Company as being of the essence of the contract contained in the Policy and by accepting the Policy the Insured warrant that the statements made in the Proposal and the Declaration were true at the date of the Proposal and at the date when the Company agreed to issue the Policy but this Warranty is not to be construed as limiting the obligation imposed on the Insured by law to disclose to the Company all material circumstances and generally to use the utmost good faith.

(6) Due observance of all the terms and conditions of the Policy and payment of the premiums and of any additional premiums payable under the Policy is a condition precedent to any liability of the Company and if the Insured makes any claim knowing it to be false or fraudulent as regards amount or otherwise the Policy shall become void and all claims under it shall be forfeited.

(7) No assignment by the Insured of any rights under the Policy shall be effective unless the consent of the Company has been first obtained and the form of the assignment has been approved by the Company.

CONDITIONS

1. The Insured must at all times retain for his own account and uninsured any part of the loss which is not covered by the Policy.

2. It shall be the duty of the Insured to exercise reasonable care and prudence in selling goods to a Buyer and without in any way limiting the extent of that duty the Insured shall in particular only grant such credit to a Buyer as has been justified by information in writing obtained from reliable sources (specified at the foot of the Schedule of the Policy) within a period of twelve months prior to the granting of the credit or by the Insured's experience of the Buyer's account during that period or by such information and experience taken together.

3. The Insured shall not grant extended credit to a Buyer for more than ninety days from the original due date for payment of an insured Debt without the consent of the Company and shall in any case notify the Company within fourteen days after the end of each month of any debt which was more than ninety days overdue from its original due date at the end of the month.

4. In the case of an overdue or extended account notified to the Company as above or upon insolvency or any act of bankruptcy or upon any Buyer being to the knowledge of the Insured in difficulties the Insured shall immediately consult the Company and take all reasonable and prudent steps to mitigate the amount of any loss which the Insured may have incurred or may be likely to incur and in particular to enforce prompt payment of any insured Debt.

5. Within fourteen days after the end of each month the Insured shall declare to the Company his turnover of insured transactions during the month separately for each of the Countries to which the Policy applies including particulars of any goods which have not been delivered to a Buyer during the month by reason of the insolvency or any act of bankruptcy of the Buyer.

6. The Company may at any time examine or take copies of any letters accounts or other documents in the possession or control of the Insured connected with this insurance or with any transactions between the Insured and any insured Buyer and the Insured must at the request of the Company supply the Company with any information in the possession of the Insured or take any reasonable steps to obtain for the Company any information or the sight of any documents in the possession of any third party relating to or connected with this insurance or any transaction between the Insured and any insured Buyer.

7. The payment of any claim under this Policy shall take place

- (a) In the case of insolvency of a Buyer within thirty days after the insured Debt has been admitted to rank against the insolvent estate in favour of the Insured and the Insured shall pay over to the Company the Company's proportion of any salvage realized from time to time and shall if the Company so require at the date of payment of the claim or at any subsequent date transfer to the Company all the Insured's rights to the whole or any part of the salvage and
- (b) In the case of protracted default within six months thereafter provided the insured debt has been transferred to the Company for collection for at least ninety days provided that in cases where the Debt has been transferred to the Company for collection the Company shall account to the Insured for any part of the salvage in excess of the Company's proportion as and when the same shall from time to time be realized by the Company.

8. Any dispute in relation to the Policy or to any claim alleged to have arisen thereunder shall be referred to and determined by a single legal Arbitrator to be agreed upon between the parties or in default of agreement to be nominated by the President for the time being of the Law Society. The Arbitrator from time to time acting under these presents shall have all the powers conferred upon Arbitrators by the Arbitration Act 1889 or any statutory modification thereof or addition thereto.

DEFINITIONS

For the purposes of the Policy

1. The "turnover of insured transactions" is the total amount of the invoice value of goods delivered by the Insured during the period stated in the Policy to all those Buyers of the Insured whose head offices are situated in any one of the countries named in the Schedule of the Policy plus the value of undelivered contracts within the limits of the Policy at the date of insolvency or any act of bankruptcy of the Buyer or at the end of the period stated in "A" on the face of the Policy.

2. There is "insolvency" when

In the case of an individual within the jurisdiction of the English Court an adjudication in bankruptcy has been made against the Buyer or a receiving order having been made against the Buyer a composition or a scheme of arrangement has been approved by the Court or a valid assignment composition or other arrangement has been made by the Buyer for the benefit of his creditors generally or

In the case of a Company within the jurisdiction of the English Court an order has been made against the Buyer for a winding up by the Court or an effective resolution has been passed for the voluntary winding up of the Buyer or a compromise or arrangement has been made binding on the Buyer and all the Buyer's creditors or a Receiver on behalf of the debenture holders or other creditors of the Buyer has been appointed.

In any other case there is "insolvency" when some step has been taken by a Court or by the Buyer which (under the law administered by the Court having jurisdiction) has an effect equivalent to any one of the steps set out above under English law.

3. There is "protracted default" when

A Buyer having accepted delivery of goods shall fail to pay for them within ninety days after the due date for payment without disputing liability or if the due date for payment has been postponed with the consent of the Insured within ninety days after the postponed due date provided that "protracted default" shall not include failure to pay for goods in any case where the Buyer is entitled or obliged by law to refuse payment.

4. An "act of bankruptcy" shall include any act or omission on the part of the Buyer whether the Buyer is domiciled in England or abroad which if done in England would be an act of bankruptcy or in the case of a Company would be sufficient ground for a winding up order by the Court.

5. "Salvage" shall mean any dividends paid out of the insolvent estates and any moneys securities indemnities guarantees rights of action counter-claim or set-off or other advantages held by the Insured or otherwise available for the purpose of reducing the amount of the loss.

SCHEDULE WITHIN REFERRED TO

(Common to both Credit and Comprehensive (Whole Turnover) Policies.)

Column 1	Column 2	Column 3	Column 4
Countries to which the Policy applies	Rate(s)	Insured Percentage(s)	Limit of insured Credit applicable to any one Buyer at any one time

Reliable sources of information referred to in Condition 2.

There are special policies to meet the needs of special risks. There is, for instance, the "loss on resale" policy for goods shipped overseas on cash against documents terms where no credit risk arises, and there is a "market difference" policy to cover possible losses on forward contracts on the commodity markets.

There is, also, a special form of policy applicable to construction contracts where the risk to be covered is loss on work in progress not paid for by reason of the failure of the concern for which the work is being carried out.

Apart from risks which can be covered by standard policies, there are a great many credit insurance propositions which are peculiar to themselves and necessitate special treatment. Thus, there is no standard wording for policies to cover anticipatory credits, the terms of which are subject to any variations. Again, in the case of risks on State undertakings and public bodies, commercial insolvency does not apply and in effect cover is given against default. In those circumstances a policy is issued to pay a loss six or twelve months after default. The insured must prove that the default is not due to a dispute about the terms of the contract, and non-payment through war, revolution and similar political contingencies is excluded.

There is no war exclusion clause in an ordinary credit insurance policy in so far as the risk of insolvency is concerned. Insolvency caused by war is covered but the difficulty is to prove insolvency of a debtor in an enemy or enemy-occupied country while the state of war persists.

The aim of credit insurance is to be as flexible and accommodating as possible within the general principles of the business. If a risk does not fit a standard policy, it does not follow that it cannot be insured. A policy is issued to suit the special set of circumstances.

When a credit risk is a good one it usually follows, though not always, that the margin of profit for the merchant or manufacturer is low. In such circumstances the company is willing to cover up to 90 per cent of the risk for a low premium provided the enquiries have proved satisfactory. On the other hand, if a transaction is of a speculative character it is most likely that the merchant or manufacturer seeking insurance will earn a good profit. In that case the company may decide to cover a much lower percentage of the risk and will require a higher rate of premium. The better the risk, the higher the insured percentage and the lower the rate. It is normal practice to calculate the rate on the gross amount of the risk even though the insured percentage is less than 100 per cent.

The period of risk is also important in fixing the rate. The further ahead the company has to look the more difficult it is to judge

the risk, and accordingly the rates vary in direct proportion to the length of time involved.

The premiums are based upon the merits of each proposal; there is nothing in the way of a tariff.

As an indication it may be said that the rates range from 2 per cent to 5 per cent per annum for home accounts and from 3 per cent to 8 per cent per annum for foreign accounts, according to the standing of the customer, country of domicile and the terms of payment.

In the event of a declaration policy becoming time-expired before the full turnover has been exhausted, a return of premium will usually be allowed provided no claim has arisen. This return will be *pro rata* but will in no case exceed one-half of the total premium.

It is necessary to wait until the estate of the insolvent buyer has been wound up before the amount of the loss can be ascertained and the claim settled, and as a rule this takes a considerable time.

In practice most claims are settled within the year either on the basis of a composition arrangement, if one is entered into, or by making an estimate of the probable outcome.

Should it be impossible to adjust a claim within twelve months of the insolvency of the buyer, then the company makes a payment on account to the extent of three-quarters of its ascertained liability in respect of the amounts then outstanding.

Long period risks (i.e. in excess of twelve months) are seldom written.

GOVERNMENT SCHEME—EXPORT CREDIT GUARANTEES

The Board of Trade is empowered by the Export Guarantees Acts, 1939 and 1945, to give guarantees in connection with the export of goods wholly or partly produced in this country, and the sale of raw material and primary products which are produced abroad and sold for shipment direct to the buyers without passing through this country.

The Board acts through the Export Credits Guarantee Department which has offices in London and the principal provincial cities.

The Department's guarantees are given after consultation with the Export Guarantees Advisory Council which includes representatives of banking, industry and organized labour. Proposals are considered on their commercial and financial merits.

It will be observed that the Government Scheme includes what are termed the political risks of non-payment, such as exchange transfer restrictions, war abolition and the cancellation or

non-renewal of an export licence or the imposition of restrictions on the export of goods not previously subject to licence.

These are risks not covered by the company policy, and the opinion is held that these risks are not within the scope of credit insurance whether transacted by private enterprise or by the State.

Under the existing State Exports Credit Scheme, the Export Credits Guarantee Department will guarantee political risks for exporters under a form of whole turnover policy provided they are combined with commercial risks. The Department will not insure the commercial risk apart from the political risk nor the political risk apart from the commercial risk, the argument being that it is impossible to rate political risks separately.

The contention of the companies is that the State for the community as a whole should accept responsibility for political risks, and that the exporter who serves the community should not be penalized by these events to the extent of having to pay a premium for protection from them. This principle of free guarantee of political risks has been recognized in Switzerland where an exporter pays only a small administrative charge for protection, and the State will have nothing to do with the commercial risk which is left entirely to private enterprise either to the exporter himself or to an insurance company.

If this were the case here the Export Credits Guarantee Department could continue to compete with private enterprise for the commercial risk, with the political risk dealt with separately. The competition would then be fair and would prove a very useful spur.

The E.C.G.D. (Contracts) Policy (operative from 1st May, 1945) supersedes, and improves the benefits offered by, the war emergency policy. Under its cover an exporter is protected against loss due to the main risks set out below, from the time he books a contract to the time payment is received. The policy covers the whole of an exporter's overseas trade in goods sold for cash or on short credit during a period of twelve months ; or, by arrangement and on special terms, his trade in certain markets only.

The risks covered are—

Insolvency or protracted default in payment on the part of the buyer.

Exchange restrictions in the buyer's country which prevent the transfer of sterling to the United Kingdom.

The occurrence of war between the buyer's country and the United Kingdom ; or of war, revolution, etc. in the buyer's country.

The cancellation or non-renewal of an Export Licence or the imposition of restrictions on the export of goods not previously subject to licence.

The percentage guaranteed is, in the case of insolvency or default—up to 85 per cent of the contract price, and in all other risks—up to 90 per cent of the contract price.

In addition, any recoveries obtained after payment of the guaranteed percentage are shared between the exporter and the Department in proportion to their respective interests in the debt, i.e. 85 per cent (or 90 per cent) to the Department and 15 per cent (or 10 per cent) to an exporter covered for the maximum percentage.

The premium rates are assessed for each country separately.

Payment by the exporter is made monthly on the basis of the declarations of contracts and shipments referred to above.

The exporter makes—

(a) A monthly declaration of contracts entered into and shipments made. Totals for each country only are required.

(b) A monthly declaration of debts which have become overdue for a period of three months or more ; and

(c) As and when necessary, application for approval of credit limits on buyers to whom he proposes to give credit exceeding a sum named in the policy.

Claims are payable in the case of insolvency or default, immediately after the occurrence of the insolvency, or twelve months after the due date of payment of the debt if by that time the debtor's insolvency (as defined in the policy) has not been established.

In the case of all other risks, normally six months after the due date of the debt or the occurrence of the event which is the cause of the loss.

Where necessary, the appropriate standard policy can be adapted, or a special policy made available, to meet the circumstances of a particular exporter's business.

The standard policy can be obtained in a modified form—the E.C.G.D. (Shipments) Policy—at a lower rate of premium, to meet the requirements of exporters who do not desire to cover the risk of loss prior to shipment. Under this policy, shipments only are declared.

Sales of capital goods (e.g. plant, equipment and heavy machinery) are normally the subject of special contracts providing for progressive payments with longer credits than are customary for consumer goods.

Where guarantees in connection with such contracts are given, therefore, it is usually necessary to issue a special policy to meet the particular circumstances of each individual transaction.

The class of risk covered and the percentage guaranteed however run on similar lines to those applicable to consumer goods.

The financing of contracts for the export of capital goods often presents difficulty and it is in this connection that the possession of a policy guaranteeing the exporter against the main risks involved will be found of great assistance.

CHAPTER XI

CONTRACT GUARANTEE

IN America it is the usual practice for a contractor to furnish a guarantee of the fulfilment of his contract and for an insurance company to provide such guarantee. In this country it is the exception rather than the rule for such a guarantee to be required, which fact makes the business the more difficult to underwrite as we are faced with the initial problem, why is a guarantee required in this case? It may be that it is the practice of the person letting the contract; on the other hand he may wish for protection in respect of this particular contractor. There may, therefore, be something very like selection against the insurance company.

THE FORM OF GUARANTEE

A contract guarantee is usually in the form of a bond entered into jointly and severally by the contractor and the insurance company whereby they undertake to make good any damage sustained (up to the amount of the bond) if the contractor does not fulfil his contract.

This in effect means that if a contractor is unable, because of miscalculation or error or some other reason causing insolvency, to complete the contract, the insurance company has to pay the amount of the damages or make arrangements to have the contract completed in accordance with its terms.

The insurance company does not insure the contractor against loss which he may incur; it is concerned only if the contractor cannot complete, and as the contractor undertakes to repay any loss which the company may sustain it is mainly a guarantee of solvency.

THE INSURANCE COMPANY'S REQUIREMENTS

Full particulars are required as to the nature of the contract and its terms, whether penalties are imposed if the contract is not completed by a given date, and whether there is an undertaking to maintain after completion. Very careful enquiries are also made as to the standing, experience and ability and financial position of the contractor. Particulars of any contracts he may have in hand are also asked for, and a list of the other tenders and the firms submitting

them. This, compared with the price quoted by the successful contractor, may give some indication as to whether the contract is likely to prove profitable.

The nature of the contract is a most important factor. If it is for the construction of roads and the contractor is capable, has first class plant and employs experienced men, then the loss if he cannot complete may be small. On the other hand, a contract for, say, the building of a bridge with all its possibilities might mean a total loss.

The objection to the business is common to all kinds of solvency guarantee. It is the kind of business which returns a good profit when the wheels of trade are revolving smoothly, but it cannot stand up against a financial crisis.

A financial crisis may arise very suddenly and at such a time it is possible for a large number of contractors to be faced with difficulty in obtaining the financial accommodation which is necessary if they are to carry on. A financial crisis, too, is marked by wide fluctuations in the cost of materials, whilst the consequent effect upon the cost of living may lead to labour disturbances. This means the possibility of a number of claims in respect of widely differing contract guarantees, all arising from the same cause. It is the essence of insurance underwriting to avoid anything of this kind, especially when the cause that may produce the claim may also be a cause of embarrassment in other directions. That is why the business is approached with extreme caution.

It is usual when contracts are given out to stipulate for some guarantee that the contract will be fulfilled, and one of four ways is generally employed—

(1) *Deposit*. The contractor is required to deposit a sum of money (often calculated as a percentage of the contract price) until the contract is finished.

(2) *Retention Money*. A certain percentage of the contract price is retained until the work is finished or until the period of maintenance has expired.

(3) *Private Sureties*. A guarantee from private sureties that the contract will be properly carried out.

(4) *Contract Guarantee*. The guarantee of an insurance company. Sometimes a guarantee is required in addition to the retention of a certain proportion of the contract price.

In the case of small contracts and those of short duration, methods 1 and 2 are very common and so is the provision of the guarantee of a private surety which is often given by the person providing the materials, and the companies never have these cases put before them.

In the case of contractors of world-wide repute it is often considered superfluous to ask for a guarantee, especially in respect of a small or medium-sized contract, and it is only the big or difficult contracts or those not given to the very big contractors which come before the companies. Contract guarantee is not universal in the same way that the insurance is universal, and there is always a selection against the companies.

The companies do not see all the cases or anything like all but only a selected part, and this selected part comprises those cases where the persons letting the contract consider that a guarantee is desirable.

The result is that every case must be most carefully scrutinized, and how necessary this is is shown by the experience, which has been far from good. Several companies have sustained very serious losses or have had such difficulty with claims that they have given up the business.

Information is required both as regards the contractor and the contract and a proposal form on the following lines is used. Some companies split this form into two—the first, a preliminary form, embodying the first nine questions which relate to the contract, and a supplementary form asking for information as to the contractor which is of a somewhat confidential character.

PROPOSAL FOR CONTRACT GUARANTEE

1. Full name and address of Contractor ? (If a Firm give names of Partners.) ..	
2. For whom Contract to be undertaken ? ..	
3. Nature of Contract ?	
4. Total amount of Contract ?	
5. Mode of Payment ?	
6. Name and Address of Architect or Engineer ? ..	
7. (a) Date work is to be commenced ? (b) Date work is to be completed ? (c) Penalty for non-completion at above date ?	
8. Period of Maintenance ?	
9. Amount of Bond ?	

10. How long have you been engaged in the class of work specified in the Contract above mentioned?													
11. Mention three other tenders (including highest and lowest) for this Contract:—													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 70%;">NAME</th> <th style="width: 30%;">TENDER</th> </tr> <tr> <td style="height: 40px;"></td> <td style="text-align: center; vertical-align: middle;">£ £ £</td> </tr> </table>	NAME	TENDER		£ £ £									
NAME	TENDER												
	£ £ £												
12. What do you estimate will be the percentage of profit on the Contract?													
13. Mention the principal Contracts you have in hand giving amount and present condition of each:—													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%;">NATURE OF CONTRACT</th> <th style="width: 15%;">PLACE</th> <th style="width: 15%;">TOTAL AMOUNT</th> <th style="width: 20%;">PRESENT CONDITION</th> </tr> <tr> <td style="height: 40px;"></td> <td></td> <td></td> <td></td> </tr> </table>	NATURE OF CONTRACT	PLACE	TOTAL AMOUNT	PRESENT CONDITION					<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 70%;">CONTRACT</th> <th style="width: 30%;">AMOUNT</th> </tr> <tr> <td style="height: 40px;"></td> <td></td> </tr> </table>	CONTRACT	AMOUNT		
NATURE OF CONTRACT	PLACE	TOTAL AMOUNT	PRESENT CONDITION										
CONTRACT	AMOUNT												
14. Mention some of the largest Contracts you have completed, stating amount of each ..													
15. Have you ever failed to complete any Contract or been penalized for non-completion within the specified period?													
16. (a) Have you applied to any other Company or person to act as your surety (i) in connection with this Contract (ii) in connection with any other Contract? (b) If so, with what result? (c) Has any claim ever been made upon any of your Sureties under a Contract Guarantee? If so, give particulars	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"></td> <td style="width: 50%;"></td> </tr> </table>												
17. (a) Have you ever been bankrupt or insolvent or made any composition with your Creditors? (b) If so, when, and what settlement was made?													
18. Names and addresses of an Architect or Engineer (for whom you have carried out Contracts), also a Banker and a Merchant:—													
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 100%;">NAME</th> </tr> <tr> <td style="height: 40px;"></td> </tr> </table>	NAME		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 100%;">ADDRESS</th> </tr> <tr> <td style="height: 40px;"></td> </tr> </table> <div style="position: absolute; top: 10px; right: 10px; font-size: small;"> { Architect or Engineer. Banker. Merchant. </div>	ADDRESS									
NAME													
ADDRESS													

I/We hereby declare that the above are full and true answers.

Date 194 Signature

It is not an easy matter to weigh up what may be termed the material aspects of the risk, and it is often necessary to seek independent professional advice and even to have the price checked, for it is running into trouble to guarantee the performance of contracts which have been accepted at unremunerative prices.

INVESTIGATING THE PROPOSAL

Having been decided that the contract is one in which you are prepared to be interested, the next point is to investigate the various prices that were tendered and, if the proposer's price was a long way below that tendered by other firms of repute, to be satisfied that the proposer can make a profit out of the work. The specifications and contract conditions must be carefully scrutinized and care taken to see what the contractor is liable for. For example, in a contract for harbour work the contractor may be liable for storm and tempest, and guaranteeing the performance of that contract would to all intents and purposes include an insurance against these risks unless adequate insurance protection is obtained elsewhere. The contract may not provide that the contractor shall not be responsible for delay due to strikes and other unavoidable causes, or it may not contain an arbitration clause or else the clause may be of a very one-sided character. Generally the contract must be very carefully considered to see that there are no conditions so onerous so as to make it one-sided and unfair and therefore an unacceptable risk.

Contractors, like other business men who are seeking orders, are prone to be very optimistic as to what they will be able to do, and to accept conditions that are quite unreasonable, while the people who are letting the contract naturally consider that as they have to pay the piper they should call the tune. The company stands in a rather unfortunate position if it attempts to get a contract modified. One party does not see why it should make any alteration when contractors are willing to accept the contract as it stands, while the contractor fears that it may be the means of his losing the business.

The Ministry of Health has issued model forms of tender and agreement, conditions of contract and schedule of prices for use in connection with State-aided Housing Schemes, and the Institution of Electrical Engineers has published a form of model general conditions. As such forms become more common it will bring about a general improvement in this respect, as these forms of course contain nothing but what is equitable.

The two conditions which give the most trouble are the time penalty clause and the maintenance clause. The former has its object the limiting of the contractor to a certain time for the completion of the work by the imposition of penalties if this time is exceeded, and however necessary this may be, sometimes very arbitrary conditions are imposed.

The maintenance clause is often of a very onerous character, providing that the contractor shall maintain the work for a certain period and make good any defects arising during that period. While

this clause in many cases is perfectly reasonable, the long period of maintenance that is sometimes asked for makes it a very serious proposition, and in the case of a contract for road making, for instance, places a heavy burden on the contractor.

As regards the information as to the contractor we are on familiar ground, but the enquiries go somewhat beyond those that are necessary in the case of an ordinary fidelity guarantee proposal. It is necessary to have the fullest information regarding the financial position of the contractor, and a balance sheet, trading account and profit and loss account should always be submitted, preferably for more than one year.

It is necessary that the contractor should have ample cash or liquid assets and the necessary plant and tackle or the means of procuring them.

A bank reference and at least two trade references should also be required, in addition to which enquiries should be made through one of the status enquiry agents and from the Trade Associations. Search should also be made to see if there is any registered information as to judgments and the like.

Full information should be sought as to previous contracts the firm have had and how they have been carried out. They are asked for particulars of these in the proposal form, and enquiry should be made of those who let the contracts.

It is also desirable to know what experience the contractors have had of the particular type of work now in question—whether they have had contracts for work of a similar nature or whether this work is new to them. A case where a contractor is taking on a certain class of work for the first time is one that requires very careful consideration.

A question is also asked on the proposal form as to what other contracts the firm have in hand. While the fact that the contractors have plenty of work in hand is a point in their favour as showing the confidence of those who have contracts to let, it may mean that they are overburdened and cannot give proper attention to the contract in question or the other contracts may be very unprofitable ones and may “pull the contractor down.” A firm that is getting into low water is only too prone to accept work at unremunerative prices or on onerous conditions in order to keep going.

If therefore the firm have other contracts in hand these should be carefully gone into in a similar way to the one that is to be guaranteed.

Care must also be taken to see that the contractor is adequately insured against fire, employers liability, third party and other risks. Most companies insist that these insurances should be placed with them.

In some cases the proposal is made by contractors who are desirous of giving a guarantee so that they may obtain the release of the retention money, but whatever reason gives rise to the proposal the points to be taken into consideration are much the same.

Perhaps the most simple form of contract guarantee is when the contract is for the supply of certain articles, such as uniforms. In the event of failure of the contractor to supply it ought not to be difficult to find another manufacturer to complete the contract, and the company then has only the difference (if any) in price with which to concern itself.

It is the practice to ask the contractor to sign an indemnity in a form such as that shown below—

FORM OF INDEMNITY

In consideration of the

..... INSURANCE COMPANY LIMITED (hereinafter called the Company)
becoming Bond for.....

(hereinafter called the Contractor) under Policy No. . . . in the sum of
£... .. in connection with the following Contract, viz.:—

THE CONTRACTOR HEREBY UNDERTAKES AND AGREES to repay and make good to the Company on demand all losses which the Company may sustain under the said policy, together with all costs, charges and expenses whatsoever which the Company may incur in connection with such losses.

AND THE CONTRACTOR FURTHER AGREES to furnish at all reasonable times such evidence of the progress and the completion of the Contract as the Company may require.

The expression “the Contractor” shall include in the case of an individual or firm, any other partners whom he or they may assume, and the heirs, executors, administrators or assigns of the Contractor and of such other partners; and in the case of a Company, its successors and assigns; and where more parties than one are so included the liability of such parties hereunder shall be several as well as joint.

IN WITNESS WHEREOF this Agreement has been signed this
day of 19...

Witness

Signature

Witness

This may be dispensed with in the case of well-established contractors, but the use of such a form is very general.

SPECIMEN POLICY

The form in which the guarantee is to be given often gives rise to difficulties. Most companies transacting this business have drawn up their own form of policy and decline to depart from it except in very exceptional circumstances, but a special form of bond is often asked for.

These forms when in the nature of a penalty bond should never be given, the company should merely bind itself to the payment of damages up to an agreed limit in the event of the failure of the contractor to fulfil his obligations. Following insurance practice the insertion of an arbitration clause should be insisted upon.

The following is a specimen of the wording used—

KNOW ALL MEN by these presents THAT _____ of
 (hereinafter called "the Contractor") and
 Insurance Company Limited whose registered office is situate at _____
 (hereinafter called "the Surety") are held and
 firmly bound unto the _____ (hereinafter called "the County
 Council") in the full and just sum of _____
 as to the payment of which said sum of money well and truly be done the said
 Contractor binds himself his _____ and administrators and the said
 said Surety binds itself its successors and assigns jointly severally firmly by
 these presents:

Signed Sealed and Delivered this _____

WHEREAS the Contractor has entered into a certain written Contract with
 the County Council bearing date the _____ day of _____
 One thousand nine hundred and _____ for the execution of works of
 widening a road situate at _____ in the County of _____
 and the construction of _____ for the sum of _____
 pounds all of which is more particularly shown in
 the said written contract which contract with all its covenants and conditions
 is hereby made a part of this Bond to all intents and purposes as though the
 said Contract had been incorporated therein.

NOW THEREFORE the conditions of the foregoing obligation are such that if
 the Contractor shall well and truly and faithfully comply with all the terms
 covenants and conditions of the said Contract on his part to be kept and per-
 formed according to the tenour of the said contract or if on default by the
 Contractor the Surety shall satisfy and discharge the damages sustained by the
 County Council thereby up to the sum of _____ then this
 obligation shall be null and void otherwise it shall remain in force and virtue.

THIS BOND is executed by the Surety upon the following express conditions
 which shall be conditions precedent to the right of the County Council to recover
 hereunder—

- (a) THE Surety shall be notified in writing of any non-performance or
 non-observance on the part of the Contractor or any of the stipulations
 or provisions contained in the said contract and on his part to be
 performed and observed which may involve a loss for which the Surety
 is responsible hereunder within one month after such non-performance
 or non-observance shall have come to the knowledge of the County
 Council or their representative or representatives having supervision of
 the said Contract and a Registered Letter posted to the
 Insurance Company Limited at its registered office situate _____
 shall be the notice required within the meaning

CHAPTER XII

BUILDING SOCIETY INDEMNITIES

THIS class of business is of quite recent development but it is likely to play an important part in post-war reconstruction plans and therefore must be briefly noticed.

THE FORM OF INDEMNITY

The policy is in the nature of a guarantee undertaking to indemnify the building society as mortgagee against loss due to default on the part of their borrowing member, the mortgagor, in the repayment of his mortgage advance.

ORIGIN

The scheme originated from the great shortage of houses with which the nation was confronted in the years after the first world-war. At that time those who wished to have a house in which to reside were faced with the necessity of purchase, but the majority could do this only with the assistance of mortgage facilities.

Mortgagees, however, whether individuals, building societies or one of the many institutions undertaking financial accommodation of this kind, will not in the ordinary course of their business make a larger advance than is safely secured on the security of the property alone. In the case of standing mortgages this is as a rule, about two-thirds, or, as regards a reducing mortgage such as building societies generally grant, between 70 and 75 per cent of the valuation of the property.

Local authorities were empowered by the Housing Act, 1925, to guarantee building societies any advances made by them to their members for the purpose of enabling them to acquire houses. Although the arrangement found favour with the building societies, many local authorities did not operate it and the arrangement has not been used to the extent anticipated.

Meanwhile another arrangement which commenced immediately after the 1914-1918 war and soon grew to large proportions, was the practice of building estate developers to lodge cash with building societies to enable the latter to grant purchasers of the houses larger mortgage advances than the societies normally would

allow. As the builders' deposits in question began to amount to large figures, the builders came to the conclusion that they could be used to better purpose in further developments. As a result the idea was conceived that the collateral guarantee which had been outlined in the Housing Act might be issued by insurance companies. One or two insurance companies took the matter up in a tentative way, and the first policies were issued in 1924. Insurance companies were able to issue their policies more expeditiously than the local authorities could deal with such guarantees owing to the necessity of compliance with various formalities, and very soon the insurance scheme became increasingly in demand.

Although mortgage guarantee business originated many years ago, this building society indemnity scheme possessed many new features. The business is controlled by a committee of the companies. It is restricted to mortgages by borrowers on private dwelling-houses for their own occupation, the properties being either freehold or held on a lease with an unexpired term of not less than forty-five years. There is a limitation as to values, and it is provided that the mortgage debt is to be reduced by monthly or, at the most, quarterly instalments over a limited period of years.

When first the scheme was devised it was predicted that after a few years the value of business would begin to decline and would very soon reach vanishing point. This proved to be far from the case, and while the business was suspended for some time during the second world-war, it has since been revived and there seems to be an enormous potential demand awaiting the full-scale resumption of normal building operations.

After the first war the many people who would have preferred to rent houses but who had to buy them were, in consequence, unwilling purchasers and this was, no doubt, a contributing factor in making the business somewhat unprofitable in those years. The steep rise in values during the second war resulted for obvious reasons in a favourable run-off of existing guarantees, but one would neither look for nor desire similar relief in future.

This necessity for purchasing a dwelling has, however, developed among persons of moderate means a new outlook in the matter of house-ownership. This has no doubt been encouraged by the many thousands who were forced by circumstances to buy houses in the immediate post-war period and who are today complete owners of their houses in which to live rent free for the rest of their lives. This was at one time an amenity which they had not considered was within their capabilities. It is a reasonable inference that in the future the majority of people will be willing purchasers, setting out with the determination to see the transaction through. It is estimated that

since 1918, 3,000,000 houses have been erected, of which a great proportion were for sale, and that 1,700,000 of them were purchased with the aid of building societies ; therefore it may be said that house purchase by instalments has become a national characteristic.

PROCEDURE

As in all contracts of suretyship, there are three parties to the transaction : the building society as lenders of the money, viz. the mortgagee; the house owner or buyer, viz. the mortgagor; and the insurance company who are the sureties for the mortgagor.

The usual lines of procedure in fidelity business are followed. A proposal form is completed by the mortgagor requesting the company to grant the guarantee, and with this is combined an undertaking to indemnify the company against any loss that it may sustain in consequence of granting the said guarantee.

The company does not join in the mortgage deed but its policy or agreement for guarantee recites that it is supplemental to the mortgage deed entered into between the mortgagor and the mortgagees.

The terms of mortgage deeds vary as between one society and another, but so far as their principal points are concerned are very much in line.

The mortgage is a conveyance or transfer of property as security for the repayment of the loan, and it contains a personal covenant by the mortgagor to repay the loan in the manner provided for in the deed. It is also a transfer pledge or charge on the property as security for the debt.

Mortgages are taken by way of either lease or demise for a long term of years, creating a legal estate in the mortgagee and leaving a legal reversion in the mortgagor or by way of legal charge.

The legal reversion amounts to a right to the mortgagor to have the legal estate reconveyed to him upon payment of all moneys secured by the mortgage. This right is known as the mortgagor's right of redemption or equity of redemption. Each mortgagor becomes a borrowing or advanced member of the society and is subject to its rules.

The practical effect is that the society as mortgagee is endowed with the following powers on default of the mortgagor in payment of his instalments or in observance of the other terms of the mortgage—

- (a) to sue the mortgagor on his personal covenant,
- (b) to enter into possession of the property,
- (c) to execute any necessary repairs,

(d) to let on lease the property or if already let to appoint a receiver of the rents or profits, and

(e) to sell.

Upon taking possession it is the usual practice of the societies to seek a purchaser with the least possible delay. In doing this the society is under an obligation to use its best endeavours to obtain the highest price having regard to all the circumstances, but it is not bound to submit the property to auction. Any deficiency, after taking into account the proceeds of such sale, remains a liability of the mortgagor under his personal covenant.

The mortgage generally precludes the mortgagor from letting the property without first obtaining the consent of the building society. Without this safeguard vacant possession could not be obtained if the mortgagor defaulted, and the result in most cases would be that the property would sell for less than if immediate vacant possession were available for the purchaser.

Of recent years it has become the practice of some societies to include in their mortgages the power to call in the mortgage although the mortgagor has not defaulted. The object of this provision is to meet any difficulty that might be encountered in raising the rate of interest if general conditions demanded action of this kind. The majority of mortgages reserve the right of the society to increase the rate of interest charged in the event of an increase in the bank rate or for other reasons.

This is a very important matter from the company's point of view. It is evident that an unsatisfactory state of affairs would result from a wholesale calling in of mortgages, repayment of which the company has guaranteed after consideration of the mortgagor's ability to repay on the basis of monthly or quarterly instalments calculated with regard to a given rate of interest. Although the calling in would only be technical to enable the society to re-arrange the interest rate, any appreciable increase in the instalments would inevitably lead many borrowers to default, owing to the very slender margin in their resources. Others, having perhaps only a small stake in the property, would refuse to accept the terms and abandon the house to the building society. In normal times this situation would result in serious loss to the guarantor, but in times of dropping values—and we must assume that sooner or later we shall encounter this—the position would be calamitous.

The companies felt that this was not a reasonable risk for them to run and by arrangement with the building societies it was agreed that the guarantee should apply in these circumstances only where the increase in the interest rate did not exceed 1 per cent, and did not raise the total rate above 6 per cent.

The experience of this business has not been good; the claims have been numerous, though the individual amounts have not been heavy. Defaulters may be divided into three classes. First there are the unprincipled mortgagors who make it a habit to evade their obligations on the slightest possible pretext. These do not represent a very large class, and careful enquiries tend to eliminate them as far as possible. Then there are those who have considered the transaction with due care and deliberation and who determine to meet their obligations to the utmost. Nevertheless they may be overtaken by some calamity of an individual or of a national character. Lastly there are those people who enter into transactions of this kind with good intentions but do not sufficiently reckon with the factors involved. It is in this group that most of the defaulters are found. After two or three years when the novelty of being a houseowner has worn off and maintenance expenses for repairs and decorations which had not been reckoned with begin to come in, disinclination to carry through their obligations develops and unless such borrowers are of high character and good moral fibre, the will to carry the burden breaks down.

Great care is therefore required in underwriting this class of business, for experience shows that varying factors can give rise to a loss quite apart from any fraudulent intent. The insurance companies rely almost entirely upon the personal covenant of the mortgagor to repay. It is important to remember that this scheme is used almost exclusively by people who cannot afford to put up more than the minimum of 10 per cent of the purchase price which the companies insist upon as the borrower's stake in the property.

It is very necessary to be sure that the mortgagor is a reliable person who understands the liabilities he is assuming and whose position and prospects justify a guarantee that he will carry out his obligations. To grant a guarantee in any other circumstances would not only be imprudent from the guarantor's point of view but also a disservice to the applicant himself.

SPECIMEN FORMS

On the facing page is a specimen proposal form. It will be seen that it is of a searching character.

The age is of importance in view of the length of time during which the guarantee will remain in force and therefore persons of, say, fifty-five and over are ineligible.

The question as to employment and salary is most important. The possibility of unemployment in certain trades has to be considered. The previous business history (whether there have been frequent

Form of Proposal for Guarantee
to theBUILDING SOCIETY
in respect of Advance on Mortgage

1 Please state your <i>full</i> name, present address and age ..	Age ..
2 (a) Are you Single, Married or Widower? ..	(a)
(b) How many depend upon you for support? ..	(b)
(c) Give number and ages of children, if any. ..	(c)
3 (a) Name, address and business or profession of your Employers ..	(a)
(b) How long have you been in the employment? ..	(b)
(c) What position do you now hold? ..	(c)
(d) What is your weekly income from this source? ..	(d)
(e) May we refer to your employers, if necessary? ..	(e)
If in business or practising on own account please give corresponding details.	
4 (a) Full address of property now proposed for purchase ..	(a)
(b) Estimated Rates and Taxes thereof ..	(b)
(c) Ground Rent thereof ..	(c)
(d) Date of erection ..	(d)
(e) If you now occupy the property, how long have you been in occupation? ..	(e)
5 (a) What price is being paid to purchase the property? ..	(a) £
(b) Is there any Road liability in addition? If so, state amount ..	(b) £
(c) For what purpose have you applied for the Mortgage? ..	(c)
6 (a) What lump sum deposit has been made? ..	(a)
(b) If any balance of deposit when is it to be paid? ..	(b)
(c) Is the total lump sum deposit being paid out of your own money? ..	(c)
(d) If not, from what source is it being obtained? ..	(d)
7 Will the property be occupied <i>by you</i> solely as a private residence? ..	
8 (a) Have you made any previous application for a Mortgage on the property? ..	(a)
(b) If so, when, to whom, and with what result? ..	(b)
9 Have you any other source of income in addition to that referred to in question 3(d)? ..	
If so please give details.. ..	
10 Have you a Banking Account? If so state name and address of Bank ..	
11 (a) Have you ever been Bankrupt or insolvent, or compounded with your creditors? ..	(a)
(b) Have you any debts? If so, give particulars ..	(b)
12 (a) Is the furniture your own, and what is its approximate value? ..	(a) £
(b) Is it wholly or partly on the Hire Purchase System? ..	(b)
(c) Is it subject to a Bill of Sale? ..	(c)
13 (a) Is your life assured? If so, where and for what amount? ..	(a)
(b) Is the policy in your own possession and unencumbered? ..	(b)

I, the undersigned hereby declare that the answers I have given are true and that I am finding in cash from my own resources the total deposit of £

I am willing to execute a Statutory Declaration if the Society request me to do so.

Date Applicant's Signature

N.B.—All Questions must be answered FULLY.

BUILDING SOCIETY INDEMNITY POLICY**WHEREAS**

- (a) This Policy of Indemnity is supplemental to a Mortgage or Legal Charge (hereinafter called the "Mortgage") bearing the date mentioned in the first column of the schedule hereunder written whereby the property which is shortly described in the second column of the said schedule has been assured to the BUILDING SOCIETY named in such schedule which is incorporated under the Building Societies' Act, 1874 (hereinafter called "the Society") by way of mortgage to secure repayment to the Society by the person or persons named in such schedule (hereinafter called "the Mortgagor") of the principal sum mentioned in the fourth column of the said schedule with interest thereon.
- (b) The hereinbefore recited Mortgage was granted by the Society upon the undertaking of the Mortgagor to provide the Society with collateral security by means of an Indemnity to the Society, by an Insurance Company approved by the Society for the purpose, such indemnity to be in the terms hereinafter appearing.
- (c) The Mortgagor has made a proposal to the INSURANCE COMPANY LIMITED (hereinafter called "the Company") to grant such Indemnity as aforesaid as Surety in his behalf which the Company has agreed to do in consideration of the payment to the Company therefor of a single premium of the amount stated in the Schedule hereunder.
- (d) The Society has agreed to accept this Indemnity from the Company as complying with the Mortgagor's hereinbefore recited undertaking.

NOW THEREFORE THIS POLICY OF INDEMNITY WITNESSETH that for the consideration aforesaid and subject to the terms and conditions hereof or endorsed or otherwise expressed hereon it is hereby agreed

- (1) That if the property comprised in the mortgage shall at any time be sold by the Society
 - (a) by reason of such default or failure on the part of the mortgagor to observe and perform any of the covenants of the mortgage as shall have caused the power of sale applicable to the mortgage to become exercisable prior to the giving of any notice by the Society calling in the moneys secured, or
 - (b) by reason of default or failure on the part of the mortgagor to comply with notice calling in the moneys secured where such notice has been given by the Society for the purpose of increasing the rate of interest by not more than one per cent provided the rate shall not exceed six per cent in all
 and the proceeds of sale shall be insufficient to cover
 - (I.) the principal and interest due to the Society and also
 - (II.) legal charges incurred by the Society in recovering or attempting to recover any sums due under the Mortgage or in respect of a sale of the said property as aforesaid, and
 - (III.) Agent's commission on such sale, road charges, ground or chief rent, and
 - (IV.) any other costs of realization incurred by the Society in agreement with the Company in connection with the sale of the said property as aforesaid,

the Company will within one calendar month of the receipt by the Company of a demand for payment accompanied by such particulars as may be reasonably required by the Company pay to the Society the difference between the amount of any deficiency calculated on the basis hereinbefore mentioned and the amount of any deficiency calculated in accordance with Clause 2 hereof which would have arisen if the mortgage had been restricted to the amount of the Society's normal advance stated in the third column of the Schedule hereto.

- (2) For the purpose of this Policy the deficiency, if any, which would have arisen if the mortgage had been restricted to the amount of the Society's normal advance shall be arrived at by deducting the proceeds of sale from

Proportion A stated in the Schedule hereto of the amount taken into account under Clause 1 (I) plus the whole of the amount taken into account under Clause 1 (II), (III) and (IV).

PROVIDED ALWAYS that in no case shall the Company be liable for any costs incurred in making good damage to or destruction of the property directly or indirectly occasioned by or happening through War, Invasion, Act of Foreign Enemy, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Insurrection or Military or Usurped Power.

PROVIDED FURTHER that if the property shall be sold by the Society whilst so damaged or destroyed the cost of making good such damage or destruction shall be estimated by a qualified Valuer to be mutually agreed upon by the Society and the Company and such estimated cost shall be added to the proceeds of sale in calculating any deficiency as within mentioned.

THE SCHEDULE

Policy No.		Name of Building Society		Agency	
£ s. d.		Name of Mortgagor			
Premium					
1	2		3	4	5
Date of Mortgage	Property Mortgaged		Normal Advance	Advance	Valuation
PROPORTION A Normal Advance		PROPORTION B Difference between Normal Advance and Advance			
Advance		Advance			

IN WITNESS WHEREOF, this Policy has been signed for and on behalf of the Company this

.....
Accident Manager.

CONDITIONS

1. The Society shall within two calendar months of the happening of any event giving the Society the right to exercise their Power of Sale over the property give notice thereof to the Company and shall if required by the Company immediately demand payment of all sums then owing on the security of the mortgage and in default of payment proceed to sell the property and subject to the provisions of this Condition the Company shall not be released from its obligations under this Policy by time being given by the Society to the Mortgagor subject to prior notice being given to the Company.

2. At any time after receipt of the notice mentioned in Condition 1 hereof the Company may pay to the Society Proportion B stated in the Schedule hereto of the amount due at the time of payment under Clause 1 (I) hereinbefore mentioned and shall upon making such payment be relieved of all further liability under this Policy and shall to the extent of such payment be subrogated to the rights of the Society against the Mortgagor and the mortgaged property the Society doing all things necessary to give to the Company the full benefit of this provision on being indemnified against costs. In the alternative the Company may after receipt of such Notice as aforesaid and during the continuance of this Policy pay to the Society principal, interest and other sums then owing on security of the mortgage and thereupon the Society may and shall assign to the Company all such principal, interest and other sums and all the estate and interest of the Society in the said property under the Mortgage on the same terms and subject to the same conditions as those contained in the mortgage except that in such case the whole of the principal, interest and other sums so assigned shall be deemed to be principal money and any recital in any such assignment as to the amount of the principal money so assigned shall as between the Mortgagor and the Company and all persons claiming under them respectively be conclusive.

3. This Policy shall determine as soon as the sum stated in the fourth column of the said schedule has been reduced to 45 per cent of the sum stated in the fifth column of the said schedule.

4. The property comprised in the mortgage shall be kept fully insured with the Company against fire.

5. All differences arising under this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators, one to be appointed by each of the parties in writing or in case of disagreement of an Umpire appointed by the Arbitrators in writing before entering upon the Reference. The costs of the Reference and of the Award shall be in the discretion of the Arbitrator, Arbitrators or Umpire making the Award, whose Award shall be a condition precedent to any right of action against the Company in respect of any claim disputed by the Company.

changes of employment), the salary earned, the number of dependants, debts and liabilities are all matters which must be taken into account.

Whether the income is permanent and can be relied on is a point to be considered.

The particulars of the property are wanted from two points of view—whether it is a sound investment and whether the applicant is justified in buying it. Matters like the liability for road charges and ground rent have to be considered. The latter, which is generally due quarterly or half-yearly, is frequently a bugbear to a purchaser. These payments are difficult to provide for in a weekly budget.

The price paid should be compared with the valuation of the building society's surveyor. This is furnished by the society on a separate form, which also gives particulars of the proposed transaction. No application should be entertained unless the purchaser is able to provide at least 10 per cent of the purchase price. Unless he has a stake in the property he is not so likely to meet his obligations.

The policy is in a form such as shown on page 156, and by the Building Societies Act, 1874, Sect. 41, is exempt from stamp duty.

It recites that the policy is supplemental to the mortgage deed and provides that if the property comprised in the mortgage shall at any time be sold by the society on account of default or failure on the part of the mortgagor to meet his obligations, and if the proceeds of sale are insufficient to cover the principal, interest and costs due to the society then the company will pay the deficiency calculated as provided by the terms of the policy.

Broadly speaking, the sum payable is the difference between the actual deficiency and the deficiency which would have arisen if the mortgage had been restricted to the amount of the society's normal advance as stated in the schedule of the policy.

The two preceding paragraphs over-simplify the position, which is indeed somewhat complex, but it should not be necessary, nor is there space available, to go into it in great detail here. The reader is advised to study the policy carefully and to work out a few illustrations for himself, when he will soon obtain a grasp of the cover and the method of calculating the loss.

It is usual to stipulate that the amount of the normal advance shall not be less than 75 per cent of the valuation and the actual advance not more than 90 per cent of the valuation or the purchase price, whichever be the less. It will be seen that where the valuation is below the purchase price, the borrower has to find more than 10 per cent of the purchase price out of his own resources, a very necessary safeguard.

Intensive competition for this business during the period between the great wars was apparently responsible for the introduction

of several unsatisfactory features, e.g. the addition of the premium to the mortgage advance, an added advance to cover legal charges, and the tendency to value at purchase price even when the latter included all legal charges and other incidentals. The most unsatisfactory feature of all was the considerable extension of the repayment period.

When the scheme began the maximum period was sixteen years but it was soon extended to eighteen and a half years and a maximum of twenty-five years has now become a common practice.

The lengthening of the repayment period to this extent has serious disadvantages. It is a very long drawn out contract to enter into. It has the effect of reducing the instalment repayments and so opening up an additional field of potential borrowers among the lower wage-earners. Moreover, in the early years, the instalments consist almost wholly of interest and in the event of a default there would be only a negligible reduction in the capital debt outstanding. Finally, it materially defers, for the reason just mentioned, the time at which the company is released from its obligations upon the outstanding balance of the advance being reduced to 45 per cent of the valuation.

Very long repayment periods are both a disservice to borrowers and unsatisfactory business to building societies, and have a decided influence on the number of defaults.

If, in the future, societies keep to repayment tables which do not exceed twenty years, the lower wage-earners, who constitute one of the most difficult problems which those responsible for the conduct of the business have to solve, will to a large extent be cut out.

CHAPTER XIII

PROFESSIONAL INDEMNITIES

THESE are policies issued to professional men (or firms of professional men) indemnifying them in respect of their liability for negligence in the exercise of their profession.

The insured is thereby protected against claims for damages by persons who contend that they have suffered financial loss in consequence of wrong advice, lack of skill or neglect of duty. Libel or slander or dishonesty on the part of the insured or his employees is not covered. The policies are principally issued to accountants, architects, auctioneers, dentists, doctors, insurance brokers and solicitors.

THE STANDARD POLICY

The business is generally transacted by only one or two companies, and a few syndicates of Lloyd's underwriters specialize in it.

The objection to this class of business is not on account of the frequency of the claims, for nowhere is the standard of professional skill higher than it is in this country, but rather on account of the difficulty of dealing with the claims on an ordinary business footing.

When a claim is made, however exorbitant or ill-founded it may be, there is always great reluctance on the part of the insured to allow it to be defended. He is anxious that it shall be settled for he knows that any publicity is likely to result in loss of practice. It is because it is known that a professional man will seldom desire to defend that many of these claims are brought.

The question of professional reputation being so severely involved the offices have thought well to keep out of the business as they are always reluctant to guarantee profession skill. This difficulty is to some extent surmounted by a clause stipulating that legal proceedings shall be defended only if such a course is advised by a King's Counsel.

As far as the medical profession is concerned it is well provided for in this respect by the Medical Defence Union. Membership, which is obtained by the payment of a small annual subscription, entitles a member to free legal defence. This work is given to solicitors who have gained experience in this class of case, but the greatest advantage is that the defence are able to avail themselves of the leading members of the profession as witnesses for the defence.

A medical man can be sued in contract if he fails to exercise that degree of professional skill which he holds himself out to possess. The risk therefore, goes somewhat beyond a mere indemnity against negligence.

The duty of a doctor to his patients is high. Privity of contract is not necessary to enable a patient to maintain an action for negligence. Otherwise patients in hospital or children whose parents paid for the doctor would be without remedy if they suffered by his neglect.

Apart from the special privileges and limitations of the Bar, every professional man owes to his clients a special duty expressed compendiously in the maxim *spondet peritiam artis*. In other words a person holding himself out to do certain work impliedly warrants his possession of skill reasonably competent for its performance. If he has not that skill he is liable for negligence. He may be required to show a knowledge of matters collateral to his profession, as in the case of *Jenkins v. Betham* (1854), 15 C.B. 168, where country surveyors and valuers dealing with ecclesiastical dilapidations were held liable for not knowing the general rules applicable to the valuation of ecclesiastical property, though it was admitted that a minute and detailed knowledge of the law could not be expected.

The general rule appears to be that a professional man is under a duty to know the general principles of law applicable to his profession and the methods of practice of most ordinary occurrence even though outside the actual scope of his profession. He need not know all the refinements of the subject. An accountant, for example, must certainly know the general principles of company law and the statutory requirements as to the auditor's certificate, but it would not be negligence if he did not know the penalty incurred by a company for not having its name up at its registered office.

The duty of professional men was stated by Tindal, C. J., in *Lanphier v. Phipps* (1838), 8 C. & P. 479, in these words: "Every person who enters into a learned profession undertakes to bring to the exercise of it a reasonable degree of care and skill. He does not undertake if he is an attorney that at all events you shall gain your case; nor does a surgeon undertake that he will perform a cure, nor does he undertake to use the highest possible degree of skill. There may be persons who have higher education and greater advantages than he has, but he undertakes to bring a fair reasonable and competent degree of skill."

The principle applies equally to work done gratuitously as to work for which a fee is charged. You are not bound to do work for nothing but if you do, you are liable for negligence if you fail to exercise reasonable care and skill.

If reasonable care and skill is exercised a mere error of judgment in a difficult matter, is not a ground for liability.

The standard is a minimum. A person is not legally bound (though morally he may be) in a difficult matter to act up to the best of his abilities if they are above the average, but only up to the average standard of competent men in his profession.

Where a specific act is ordered to be done it must be done according to rule, neither neglected nor left undone, and where the act to be done may be safely done by following a known method which is the plain and common rule of the profession, the professional man is responsible if he neglects to follow the method.

Finally it has been laid down that what is reasonable care and skill is a question of fact.

It will be appreciated that the liability under these indemnities is a very real one. Readers will probably be acquainted with recent cases where heavy damages have been awarded, and it must be remembered that only a very small proportion of the cases ever get into Court.

Though a separate proposal form is printed for the use of each profession, they are all very similar in regard to the questions asked and are usually in some such form as the following—

Name and address of firm
 When established
 Former firm name (if any)
 Particulars of each partner
 Full name
 When qualified
 Number of years in practice as a Principal
 Particulars of professional staff
 Full name
 When qualified
 How long employed
 Number of office staff
 Have any claims been made against the firm or any of the partners either individually or otherwise or against any of your predecessors in respect of the liabilities covered by the proposed insurance? If so give particulars.
 Has application for insurance been made by the firm or any of the members of the firm or its predecessors? If so give particulars.
 Amount of Indemnity required £.....

I/We hereby declare that the above statement and particulars are true and that I/we have not suppressed or misstated any material facts and that at the present time I/we have no reason to anticipate any claim being brought against me/us for any neglect error or omission and I/we agree that this declaration shall be the basis of the policy between me/us and the company and be incorporated therein.

In cases where there is more than one professional body, as in the case of architects, the qualifications of the partners are asked for.

In the case of an architect it is also customary to ask for an estimate of the annual building values for which certificates are given, or the total value of certificates issued during the past year. Where survey reports and quantities are undertaken only incidentally to the architectural practice, no return in respect of them is required ; otherwise some indication is required as to the extent of this part of the practice.

When an architect also acts as a surveyor, work done in that capacity is regarded as within the scope of the policy.

It will be observed that the question as to previous claims experience is drawn in very wide terms. What is asked for is the experience of the present firm and of previous partnerships and of the partners in any other partnership or while in practice as an individual.

The premiums are based upon the amount of indemnity and the standing of the proposer and the character and extent of the practice.

The experience of the business has on the whole been good. The standard of professional probity and skill in this country is a high one and the professional bodies endeavour to maintain a high standard by every means in their power.

The Law Society, which is the professional organization for solicitors in England and Wales, now requires the accounts of its members (with a few exceptions, such as full time government and local government solicitors) to be annually audited by a qualified accountant and have a fund for reimbursing clients who lose money through defalcations of solicitors. The fund came into operation in November, 1942, and to the end of 1945 the amount paid out was £150,000. For the period of five years before the war about £64,000 of clients' money was lost each year through defalcations.

It will be appreciated that Solicitors' indemnities do not cover the insured against loss due to dishonesty.

In a proposal form for solicitors' indemnity used by one of the companies the following question appears—

“Have you within the past twelve months discharged or are you contemplating discharging any of your staff for any omission, neglect, error or the like. If so please give particulars.”

The declaration above-quoted should, however, be wide enough to cover this.

The policy is usually in some such form as the following—

have occurred during the currency of this Policy or before, shall for the purpose of this Insurance be deemed to have been made during the currency of this Policy, provided always that notification of such claim be given to the Company within twenty-one days from the time the same comes to the Firm's knowledge, but this Policy shall not be brought in contribution in the event of any other insurance covering the same risks having been effected by the Firm elsewhere.

PROVIDED ALWAYS that this Policy does not extend to insure the Firm in respect of any claim made against them for Libel or Slander.

If the Firm shall prefer any claim knowing the same to be false or fraudulent as regards amount or otherwise this Policy shall become void and all claim hereunder shall be forfeited.

Arbitration Clause.

IN WITNESS WHEREOF, this Policy has been signed on behalf of the Company
this day of 19

Accident Manager.

In some cases the arbitration clause provides that any dispute shall be referred to the president for the time being of the insured's professional body or an arbitrator nominated by him for decision.

RETURNING OFFICER'S INDEMNITY

This is an indemnity issued to the Returning Officer in respect of a particular election. There is a "returning officer" in each Parliamentary constituency to whom the writ for the election is addressed, and the duty of this officer is stated in the writ, namely that "notice of the time and place of election being first duly given you do cause election to be made according to law of a member to serve in Parliament for the constituency in question."

When the Parliamentary county is coterminous with or wholly contained in one administrative county, the office of returning officer is held by the sheriff of the county. Where a Parliamentary borough is coterminous with or wholly contained in a county borough which has a sheriff, he is the returning officer, and in a Parliamentary borough which is coterminous with or wholly contained in a municipal borough or a metropolitan borough or an urban district the Mayor or Chairman of the Council is the returning officer.

The duties of the returning officer, except those which he may reserve to himself and undertake to perform in person, must be discharged by the registration officer; if the area is in a county this is the Clerk of the County Council, and if a borough the Town Clerk.

The returning officer receives no remuneration. In the case of county council elections the councils appoint a person to be the county returning officer, but in an election of a county councillor for an electoral division which is co-extensive with or comprised in a borough the Mayor is returning officer.

In the case of a borough election, if the borough is not divided into wards the Mayor is the returning officer; if divided into wards, an

PROVIDED ALWAYS that the due observance and fulfilment of the following conditions which conditions are to be read as part hereof shall be a condition precedent to any liability of the Company under this policy

1. In the event of any claim arising which in the opinion of the Insured is covered by this policy notice must be given to the Company with fullest information in writing to its Head Office or one of its Branch Offices together with every written notice or information respecting such claim and the Insured shall give all such information and assistance as the Company shall require.
2. The Company shall be entitled to take the absolute conduct and control of all or any proceedings in respect of any claim for which the Company may be liable under this policy which may be commenced against the Insured (including Arbitration) and to use the name of the Insured to enforce for the benefit of the Company any order made for costs or otherwise to make or defend any claim for indemnity or damages against any person or Company or for any other purpose connected with this policy.
3. The Company shall only be liable to contribute *pro rata* with any other security held by the Insured whether such security be now held by the Insured or be hereafter taken or acquired; and the Insured shall be bound to advise the Company of every such security and of any limitation discharge or termination thereof.
4. All differences arising out of this policy shall be referred to the decision of an Arbitrator to be appointed by the parties in difference, or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators, one to be appointed in writing by each of the parties, or in case of disagreement between the Arbitrators to the decision of an Umpire, to be appointed in writing by the Arbitrators before entering on the reference, and an Award shall be a condition precedent to any liability of the Company or any right of action against the Company in respect of such claim.

IN WITNESS WHEREOF this Agreement has been signed this day of
194

Accident Manager.

PUBLIC OFFICIALS' LITIGATION INDEMNITY

This is really a species of professional indemnity and is not usually transacted by the companies. It does not disclose any new feature but is simply an indemnity given to public officials in respect of the damages and costs which they may be called upon to pay in actions brought against them in connection with acts done by them or their subordinates in the course of their official duties which may, of course, involve them in heavy sums.

The policy covers—

1. All sums for which the official shall in the course of his office and in relation to his duties thereof become legally liable to pay in respect of damages and for taxed costs in any civil proceedings brought against him, and any award in any arbitration to which he is a party, by reason or in consequence of any act or default on his part or on the part of any subordinate in connection with his office for whom he is responsible, which shall be done or admitted in relation to the said office without wilful intent or malice, including his taxed costs in defending any such civil proceedings or in any such arbitration which may not be legally recoverable by him. Provided that his employees shall have refused to reimburse the official or that the sums for which he may have been held liable and his taxed costs are not in any way recoverable.

2. The costs incurred (with the written consent of the company) by the official in defending any prosecution against him for any criminal offence, and in defending any proceedings against him for recovery of fines and for penalties where such prosecution or proceedings have been brought against him in respect of act or default on his part or on the part of any subordinate for whom he is responsible done or omitted in relation to the office of the official and where the official has been acquitted, the jury disagreed the prosecution abandoned or the proceedings failed and when such costs are not in any way recoverable.

3. The costs incurred by the official in legal proceedings to be taken by him (subject to the written consent of the company, such consent not being unreasonably withheld where approved counsel agrees the official to have a good cause of action) against any person who has libelled, slandered or assaulted the official or committed any legal tort against him in relation to his office so far as the said costs are not recoverable from the defendant in such proceedings, also costs and expenses incurred by the official (with the written consent of the company) of any appeal in any of the before-mentioned proceedings from a lower court or tribunal to a higher court or tribunal.

The annual premium is based upon the amount of indemnity required in respect of all claims for damages and costs in any one year.

LIBEL INDEMNITY

This is an indemnity that is sometimes asked for by publishers and printers. The volume of business is obviously very restricted and only one or two companies are prepared to consider these risks.

No printed proposal form or form of policy appears to be available but the wording below will give an indication of the cover given.

Every case must be dealt with on its individual merits and only proposals from publishers or printers would be entertained.

It would probably be a condition of acceptance that every publication to which the indemnity applies should, before publication, be submitted to a legally qualified reader.

The premiums are governed by the standing of the firm, the class of publication and the number issued and the amount of indemnity required.

The risk is, of course, greater in the case of a newspaper or periodical which is produced under "rush" conditions than in the case of a book where there should be opportunity for careful checking and consideration.

Whereas (hereinafter called the Insured) has made to Insurance Company Ltd., (hereinafter called the Company) a written proposal and declaration dated which it is agreed shall be the basis of this contract and incorporated herein and have paid a premium of £. for the period of twelve months commencing on the the Company hereby agrees to indemnify the Insured against all sums which the Insured may become liable to pay and shall pay as damages and for costs and for legal expenses for any libel or libels or alleged libel or libels or slander of title to goods or infringement of copyright in any printed matter (other than periodicals, magazines, newspapers and the like) published by the Insured and arising during the said period provided that notice is given by the Insured in the manner hereinafter prescribed during such period.

Provided that the total liability of the Company under this policy in respect of such losses as aforesaid shall not exceed £. except for legal costs incurred with the consent of the Company in defence of any claim which shall be payable in addition.

Provided also that this policy does not cover any cost or expenses which the Insured may incur for reprinting any part, or the whole, of any publication.

Provided further that this policy is issued subject to the conditions contained herein or endorsed hereon, all of which are to be deemed conditions precedent to the liability of the company.

Conditions

1. Notice—no admission of liability. Company at liberty to take over claims.
2. Policy still applies even if settlement not completed during period of insurance.
3. Included liability for default of co-defendants.
4. 14 days' notice of cancellation by Company.
5. Arbitration.

Memo. All publications which should be are submitted to a qualified legal reader before publication.

CHAPTER XIV

FORGED TRANSFERS INDEMNITY

THIS is one of the more modern forms of insurance and owes its origin to the great increase of limited liability companies in recent years.

The business falls into two classes—

1. Companies' indemnity,
2. Stockbrokers' indemnity.

COMPANIES' INDEMNITY

In the first class an indemnity is given to the company in respect of any liability it may incur by the registering of transfers, the signature to which has been forged. These indemnities are similarly given to municipal and other corporations in respect of any liability they incur by reason of acting upon a forged transfer of their stock.

As regards companies we may limit our consideration to those incorporated under the Companies Act, 1948 and earlier acts. There are other companies incorporated by Royal Charter or by special Act of Parliament, in which case it will be necessary to ascertain what are their particular regulations in regard to the registration of transfers of stock or shares, but in general they will be found to be on very similar lines to those of companies under the Companies Act.

The particulars of the share capital of a company are to be found in the company's Memorandum of Association, and the provisions as to transfer and the like are contained in the Articles of Association. Every company must have Articles of Association ; it can either have its own Articles or it can adopt the model set of Articles known as Table A which form a schedule to the Companies Act. When companies adopt their own Articles of Association they usually follow very closely the model form.

Every company is required to keep a register of its members (shareholders) including their names and addresses, a statement of the shares held, with the distinguishing numbers of such shares.

The shares of any member of a company are personal estate transferable in the manner provided by the Articles.

Notwithstanding anything in the Articles of a company, it is not lawful for the company to register a transfer of shares in or debentures of the company unless a proper instrument of transfer has been deliv-

ered to the company. This, however, does not prejudice the power of a company to register as shareholder or debenture holder any person to whom the right to any shares or debentures of the company has been transmitted by operation of law.

No form of transfer is prescribed by the Act, and what is termed the common form is generally used, but companies can provide by their Articles for the use of a special form.

This common form has to be signed, sealed and delivered, but the majority of Articles do not provide that a transfer shall be by deed—an instrument under hand only being sufficient.

Every company must, within two months after the date on which a transfer is lodged, have ready for delivery the certificate for the shares or debentures transferred.

When a shareholder transfers only a portion of his shares he lodges with the company the share certificate and transfer instrument. The company retains the certificate and certifies on the transfer instrument that the certificate has been lodged. Should an error arise when such certification is deemed, in accordance with Section 79 of the Companies Act, 1948, to be made by the company, a liability to pay damages may arise against which cover is sometimes sought as an extension to a Forged Transfers Indemnity.

A company limited by shares if so authorized by its Articles may, with respect to any fully paid shares, issue under its common seal share warrants to bearer with coupons attached for the payment of dividends. Such share warrant entitles the bearer thereof to the shares therein specified, and the shares may be transferred by delivery of the warrant.

The Companies Act provides that if any person falsely and deceitfully personates any owner of any share or share warrant and thereby obtains or endeavours to obtain any such share or share warrant or receives any money due to such owner, he shall be guilty of felony, and liable on conviction to penal servitude for not less than three years.

Where a forged transfer is registered, the transferee cannot compel the company to acknowledge him as the holder of the shares, registration only giving complete effect to a prior valid transfer, and the true owner of the shares can obtain rectification of the register of shareholders by the striking out of the name of the third party and the restoration of his own.

The person who innocently and even without negligence brings about the transfer is bound to indemnify the company against any liability to the owner of the shares who has been displaced by a forged transfer.

A company may impose such reasonable restrictions on the transfer of its shares, stock or securities or with respect to powers of attorney for the transfer thereof as it may consider requisite for guarding against loss arising from forgery.

By the Forged Transfer Acts, 1891 and 1892, a company or local authority may out of its funds grant compensation for losses caused by forged transfers or transfers under forged powers of attorney, and may if it thinks fit charge a fee at a rate not exceeding 1s. on every £100 transferred with a minimum charge equal to that for £25 transferred, to provide for such compensation and may borrow on the security of its property to meet claims therefor.

Where the company pays compensation it is subrogated to the rights of the person compensated against the person liable for the loss, without prejudice to any other rights or remedies.

Where the shares, stock or securities of a company or local authority have, by amalgamation or otherwise, become the shares, stock or securities of another company or local authority the last-mentioned company or authority has the same power as the original company or authority would have had if it had continued.

A certificate under the common seal of the company specifying therein any shares held by any member is *prima facie* evidence of the title of the member to the shares. The certificate is the only documentary evidence of title in the possession of a shareholder. It is not a negotiable instrument or a warranty of title by the company issuing it. It declares to all the world that the person who is named in it is the registered holder of certain shares in the company, and that the shares are paid up to the extent therein mentioned, and it is given with the intention that it shall be used as such a declaration.

The company is estopped from disputing the truth of any statement in a share certificate as against any person not knowing that the statement is untrue who has acted or refrained from acting on the faith of it and has thereby suffered loss.

A person who, by reason of the issue of a certificate, is entitled to shares by estoppel and who acts on the certificate to his detriment, may recover from the company as damages the value of the shares at the time of the refusal of the company to recognize him as a shareholder, together with interest from that date.

Similarly a person who as a consequence of relying on a certificate loses his power to get redress against a third party may recover damages from the company. If, however, he has not altered his position on the faith of the certificate he cannot recover damages.

The usual note on a certificate that without its production no transfer will be registered, is a mere warning to take care of it and

not a representation to or a contract with the holder of the certificate that a transfer will not be registered without its production.

The position of the company which has registered a forged transfer is as follows—

(1) It must restore the true owner to the register.

(2) If any dividends have been paid to the person claiming under the forgery, the company must pay the true owner the amount so paid.

(3) As regards the person to whom the shares were transferred, as a general rule the original transferee has no remedy against the company for he is considered to have warranted the genuineness of the transfer under which he claimed to be registered, and implied to have agreed to keep the company indemnified against any loss from the transaction, but when a purchaser of shares whose vendor had been guilty of fraud against the company obtains a certificate and afterwards sells the shares and tenders a transfer, the company is liable in damages if it refuses to register the transferee. This liability is on the ground of estoppel.

(4) If liable in damages, the company appears to have no remedy against the broker who lodged the forged transfer.

(5) In the case of a forged transfer, the original transferee is liable to indemnify the company against any loss it may sustain, whereas there is no such liability in the case of a transfer of shares fraudulently obtained.

It is against the liability outlined above that the indemnity is given. The policy is based upon a proposal form and declaration and also upon the company agreeing to take certain precautions in reference to transfers. The undertaking as to these precautions is set out in the proposal form and has to be signed by the company. The form is shown on the next page.

These precautions, which are those generally adopted in the registration departments of all large companies, are by no means watertight but they are the best that can be done.

In most of the reported cases the forger has succeeded in intercepting the notice sent to the shareholder informing him that a transfer had been lodged. In one instance the forgery was committed by a clerk in the employ of the true owner, and a notice was sent to the employer's place of business stating that a transfer purporting to be signed by him had been lodged at the office of the company and that unless the company heard to the contrary it would be assumed to be genuine. This notice was intercepted by the clerk and never came to the knowledge of his employer. In these circumstances the interception of the notice was a comparatively easy matter, but in other cases greater ingenuity has been practised. In some cases the

FORGED TRANSFERS INDEMNITY PROPOSAL

1. Name									
Registered Office									
Date of Incorporation									
2. Particulars in respect of which the Indemnity is required:									
Stock			Shares			Debentures			
Amount £			Number			Number			
			Nominal			Amount £			
			Amount			When			
			paid up £			terminable			
3. What has been the number of transfers registered and the aggregate amount thereof during each of the past three years? :									
Year	Stock	Number	Shares	Debentures	Stock	Nominal Value	Shares	Debentures	Actual Value
19									
19									
19									
In completing the last column transfers for nominal consideration are treated as if a price equivalent to the average market value of the Stock or Shares so transferred had been paid.									
4. Is it proposed that the indemnity should be retrospective, and if so, for what period?									
5. State fully what precautionary measures have been and will be adopted to prevent a transfer being passed on a forged instrument?									
Will the Company give the undertaking at the foot hereof? Such undertaking with these replies will form the basis of the insurance									
6. (a) Has a Forged Transfer (or a Transfer under a Forged Power of Attorney) ever, to the Company's knowledge, been submitted for registration, and if so, with what result?									
(b) Has the Company any reason to suppose that a Forged Transfer or a Transfer under a Forged Power of Attorney has been registered?									
(c) Has a claim in respect of a Forged Transfer (or a Transfer under a Forged Power of Attorney) ever been made against the Company? If so, when? and with what result?									
7. Has the Company adopted the Forged Transfers Acts?									
Is the Insurance to extend to any payments under these Acts?									
8. Is the Indemnity of this Company the only one to be taken?									
9. Has a similar proposal been made to any other Office, and if so, with what result?									
10. Is any other information in your possession material to an estimate of the risk to be undertaken?									

We declare the above answers are true and correct and request the Insurance Company Limited to issue an indemnity in accordance with the above particulars, which particulars with the annexed undertaking will form the basis of the Contract.

Date

THE UNDERSIGNED HEREBY AGREE with the Insurance Company Limited to adopt the undermentioned precautions in reference to all transfers of shares, stock, debentures or debenture stock, forming part of the share or loan capital of the undersigned, viz.:—

1. The signature of every Transferor or Grantor of a Power of Attorney to be compared with his signature when the holding was acquired; if by transfer with the Transfer Deed; if by allotment with the Application.
Where the Transferor is entitled as representative of a holder, or as an Attorney, then with the signature of such representative or Attorney which shall be obtained at the time of the registration of the Probate, Letters of Administration, Order or Power.
2. A letter in a private envelope to be forwarded to the Transferor (and if a deceased account, to all the executors, administrators or other legal personal representatives) at his (or their) address (or addresses) at the date the transfer out of his (or their) name is lodged at the Company's office for registration, and stating that if no intimation to the contrary is received by return of post, it will be assumed that the deed is correct and it will be dealt with in the usual way.
3. All notices of change of address to be acknowledged to both the old and new address by letter in a private envelope.
4. Whether the deed does or does not transfer the entire holding under the original Certificate, the original Certificate must be cancelled.

Date For and on behalf of
Secretary.

forgery of a transfer has been preceded by a forged letter purporting to be addressed by the shareholder to the company advising them of a fictitious change of address, with the result that notices have been sent in such a way that they necessarily come into the hands of the criminal.

These cases have led to remarks from the Bench tending to discourage the sending of notices. On the whole, however, it seems that the failure of the notices to afford protection is largely due to the fact that insufficient care is taken by companies in regard to them. In some cases the notice is sent in an envelope bearing the company's name or crest, thus affording a means of identification to anyone who may be on the look-out for an opportunity of intercepting the notice.

There is no difference in principle between liabilities in connection with forged transfers of shares and those in connection with forged transfers of debentures, stock or other securities, but as a general rule there are more transactions in shares which may constitute a free market so far as sales and purchases are concerned, as contrasted with stock or debentures which are more often held as permanent investments.

The premium is based upon the value of the transfers in each year of insurance.

If the policy is to be made operative in respect of forgeries committed before the commencement of the policy an additional single premium is charged.

If payments under the Forged Transfers Acts are to be covered as well as legal liability the premium is approximately double that for legal liability only.

The policy covers the liability of the company and may be extended to include payments under the Forged Transfers Acts and may if desired be made retrospective.

4.—AND FURTHER that in the examination and registration of all such transfers as aforesaid and in the issue of certificates of such registration in pursuance thereof, all reasonable and usual precautionary measures have been and will be taken.

CONDITIONS

5.—THIS POLICY shall be and continue in force between the day of 19. . . and the day of 19. . . and thereafter from year to year so long as the Insured shall continue to pay and the Company shall accept the renewal premium hereinafter mentioned on the day of in each year or within thirty days thereafter and upon such renewal the warranties above contained shall be taken to have been given afresh by the Insured, and this Policy shall cease to be in force from and after the last day of the period for which the insurance is effected or from and after the last day of any renewal thereof, for which a renewal premium shall have actually been paid and receipt for the same given.

6.—No liability on the part of the Company is covered by this Policy unless :—

- (a) the Insured shall have observed and complied with all the safeguards and precautions and shall have given all the notices referred to in the proposal or stipulated for and agreed at the time of acceptance and
- (b) the forgery of the transfer or of the Power of Attorney shall have been committed, and the discovery of such liability or loss as is covered by this Policy shall take place and notice of the same be given to the Company during the period above mentioned or any agreed extension thereof.

7.—NOTICE of the arising of any liability or loss that may be covered by this Policy shall be given to the Company within seven days of the Insured or their Agents or Servants having knowledge or notice of it, the giving of such notice to the Company within the said period of seven days being a Condition precedent to the right to recover any sum in respect of such liability or loss.

7A.—In the event of a notice being given under the last preceding clause the Company shall within three months of the date of such claim either pay the Insured the amount of the ascertained loss in respect of such claim or shall call upon the Insured to dispute such claim upon the grounds and for the reasons which will be supplied by the Company and thereupon the Insured shall authorize the Company in its name and on its behalf to contest such claim, the Company indemnifying the Insured against all loss, costs, charges and expenses which they may incur by reason of such proceedings.

8.—ON making payment hereunder the Company shall be subrogated in and to and placed fully in the position and rights of the Insured or person entitled to payment by the Insured in respect of the Securities in regard to which such loss arose, and against all other persons whomsoever in connection therewith or with any previous dealings with such Securities. And the Insured or person entitled to payment as aforesaid shall upon the request and at the expenses of the Company do all such acts, take all such steps and execute all such further assurances as the Company may require for enabling them to exercise or enforce any of the said rights and shall authorize the Company to take such steps or proceedings in the name of the Insured or of such persons as aforesaid but at the cost and for the benefit of the Company as the Company may require, and also furnish the Company with all the information, evidence and documents in their power or under their control relating either to the said Securities or their own or any other dealings in connection therewith.

9.—THE annual premium payable hereunder shall be a sum equivalent to such percentage as is set out in the schedule hereto on the aggregate amount of the Shares, Stock, Debentures or Debenture Stock transferred in the books of the Insured in the year covered by the policy, such amount to be ascertained as

mentioned below. The first and subsequent accepted annual premiums shall be payable as follows:—On the date hereof and on each day of renewal of the policy there shall be paid to the Company an amount calculated as aforesaid on the aggregate amount of the said Shares, Stock, Debentures or Debenture Stock, transferred during the preceding year, taken at the actual consideration paid therefor, or where nominal consideration has been paid at the average market price of such year, and at the expiration of the current year, the amount shall be adjusted by payment or allowance by the Insured to the Company or by the Company to the Insured as the case may be. PROVIDED that in no case shall a less sum than be payable as the premium in respect of any one year. The Insured shall in addition to the registered Stock holders keep a record of all transfers received and all certificates issued by them, and shall make all necessary entries and records punctually and accurately. The Insured shall at all convenient times allow the Company to inspect the said books and records, and shall on request supply the Company with a correct account of all Stock, Shares, Debentures or Debenture Stock transferred and of all certificates in respect thereof, issued by them during the year.

10.—If the Insured or person entitled to payment by the Insured of the compensation or damages aforesaid be entitled to the benefit of any other policy or policies of Insurance, indemnities or guarantees of a similar purport, and effect to this Policy, the Insured if they have knowledge thereof shall declare the same to the Company if existing at the date of this Policy or within seven days after effecting the same if effected after such date, and in any case notwithstanding anything in the Policy contained the liability of the Company hereunder shall be only their proportion of any liability or loss relatively to the total insured amount under all such policies indemnities and guarantees.

11.—THE liability of the Company under paragraphs 1 and 2 of this Policy is expressly limited to the sum assured and so soon as the amount paid hereunder to the Insured shall have amounted to that sum, all liability shall cease and determine, and this Policy be thereby cancelled and of no effect.

12.—ALL differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed by the parties in difference, or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators, one to be appointed in writing by each of the parties, and in case of disagreement between the Arbitrators to the decision of an Umpire to be appointed in writing by the Arbitrators before entering on the reference, and an Award shall be a condition precedent to any liability of the Company or any right of action against the Company in respect of such claim.

THE SCHEDULE ABOVE REFERRED TO

IN WITNESS WHEREOF this Policy has been signed this

.....
Accident Manager.

The claims require very careful investigation.

An original owner is never deprived of his ownership by a forgery for which he is in no sense responsible, and a person who innocently lodges a transfer in his own favour cannot as a rule blame the company for registering the transfer at his request and will therefore have no legal remedy against the company. A subsequent transferee of the same holding would *prima facie* be entitled to damages from the company if he incurred a loss by rectification of the register, on the shares in question being put back into the name of the original owner.

A good many enquiries, therefore, are necessary and it will probably be found that the parties responsible for the loss are penniless.

The company, therefore, expects to be covered not merely against the damages if there is liability but against all expenses of investigation and litigation.

If some perfectly honest person to whom no fault or negligence can be attributed, buys and pays for shares or stock or debentures only to find that, by the wrong-doing of some person of whom he has never heard, he has lost his investment and has no claim against the company there will certainly be a case of great hardship on the individual.

The directors of a company of standing would wish to be in a position to meet genuine claims (whether or not legal liability exists) and this would be covered provided the policy insures against legal liability and payments under the Forged Transfers Acts, and a company whose shares constitute a reasonably active market should always insure against amounts payable under these Acts as well as against legal liability.

There is always some interval between the forgery and its discovery, though the length of time varies in different cases. If both the forgery and discovery occur while the policy is in force, no question will arise, but there is always the possibility of discovery during the period of insurance of forgery committed before the policy was affected and in the same way there may be discovery after the policy has lapsed of a forgery committed during its currency.

Primarily the policy will cover loss by forgery committed and discovered while the policy is in force unless the policy has been extended (as is frequently done) to cover forgeries committed prior to the issue of the policy.

No company has a printed form of claim for these cases which obviously require individual investigation.

STOCKBROKERS' INDEMNITY

This policy has a wider and rather different range. It is issued to members of the Stock Exchange, either jobbers or brokers.

In discussing this class it is proposed to limit the consideration to the case of members of the London Stock Exchange who are bound by the rules of the Stock Exchange. Stockbrokers who are members of provincial stock exchanges are also bound by the rules of their respective Exchange which follow more or less the lines of those of the London Stock Exchange.

The policy is based on a proposal form, which calls for no special comment, and is in a form such as the following—

FORGED TRANSFERS—STOCKBROKER'S INDEMNITY

1. Full name of Applicant (If a Firm, the name of each individual member to be stated.)	
2. Address	
3. Are you Brokers or Jobbers? (If Jobbers, state what market.)	
4. Number of Partners and Employees	
5. Amount of Indemnity required?	
6. Of what Stock Exchange are you members	
7. Have you any reason to think that you have dealt with any particular stock, shares or other securities, in connection with which it is suspected that there is a question as to the Title of same?	
8. Do you desire to obtain the additional Indemnity against loss by misappropriation by a Solicitor	
9. Have you any reason to think that you have, on the instructions of a Solicitor, dealt with any particular stock, shares or any other securities, the proceeds of which have been misappropriated?	

I/We hereby declare the above replies are true and correct; and that I/We know of no reason why the Company should not grant the proposed Indemnity.

Date 19 Signature

The premium is a fixed amount according to the amount of indemnity required, with an additional, if it is desired, to include an indemnity against loss by misappropriation by a solicitor.

The policy is more involved than in the case of the company's indemnity and is usually in a form such as the following—

POLICY FORM

Stock Exchange Forged Transfers Policy No. (for all Stockbrokers and Jobbers)

THE INSURANCE COMPANY, LIMITED

Head Office: LONDON, E.C.

Sum Insured £ First Premium £ : :

Policy of Insurance Witnesseth THAT.....

of

of

(hereinafter called "the Insured") having made a proposal and declaration in writing which it is hereby agreed shall be regarded as the basis of this Contract,

and having paid to THE INSURANCE COMPANY LIMITED (hereinafter called "the Company") the sum of . . . above mentioned as the Premium to the day of renewal for an indemnity to the extent of . . . Pounds against all or any losses as hereinafter defined for the period between the . . . day of . . . 19 . . . and the . . . day of . . . 19 . . . both days inclusive, or any extension or renewal of such period agreed and accepted by the Company in writing and paid for by the Insured which original period as well as the period included in such extension or renewal are hereinafter described as the currency of the Policy.

LOSSES

The losses intended to be covered by this Policy are hereby defined to be any losses incurred by the Insured by reason of any securities as hereinafter defined having prior to the delivery thereof to the Insured been forged or stolen or any transfer of any such security or any power of Attorney under which any transfer of any such security has been or purports to be executed (or any signature to any such transfer or Power of Attorney) having been so forged. And by reason of the Insured—

1. *Having had delivered to him any such forged or stolen security or forged transfer or having had transferred to him any such security under any forged Power of Attorney in pursuance of any contract of purchase by the Insured whether for his own account or as agent for a principal, or*

2. *Having delivered or caused to be delivered any such forged or stolen security or forged transfer or having transferred or caused to be transferred any such security under any forged Power of Attorney in pursuance of any Contract of sale whether for his own account or as agent for a principal, or*

3. *Having received or delivered or caused to be delivered any such forged or stolen security or forged transfer or had transferred to him or caused to be transferred any such security under any forged Power of Attorney as security for any loan whether for his own account or as agent for a principal, or*

4. *Being unable by reason of the forgery or theft of any such securities or the transfer thereof or Power of Attorney to deliver or transfer any such forged or stolen securities or any forged transfer thereof in performance of any contract for the delivery or transfer of any such securities.*

Provided that this insurance shall not cover any loss incurred in respect of any forged or stolen security or forged transfer being received or delivered or caused to be delivered by the Insured or any such security being transferred to the Insured or being transferred or caused to be transferred by him under any forged Power of Attorney (A) as security for any differences or losses on any speculative account due before such receipt or delivery or (B) as security for any loan made or procured to the knowledge of the Insured for the purpose of paying any such differences or (C) unless in case of a forged transfer the same shall prior to upon or forthwith after delivery to or by the Insured as the case may be have been dated and executed by both parties and (D) unless in every case the Insured shall have taken all steps in the power of the Insured (by registration or otherwise) to procure or give a complete legal title to the securities.

Provided also that

(a) *The loss whenever incurred be discovered and notified during the currency of the Policy.*

(b) *The loss be incurred without knowledge or notice on the part of the Insured of any forgery or theft of any such security or transfer.*

(c) *The loss be incurred in the ordinary course of business conducted in good faith and with usual care as a stockbroker or stockjobber.*

(d) *This policy does not cover any loss arising out of any instrument of transfer signed or purporting to be signed by any person who to the knowledge of the Insured is a Secretary Registrar or other employee in the transfer office of the Company or Corporation the shares debentures or stock of which are comprised in such instrument.*

(e) *The loss be incurred by reason of a legal liability or of a liability created by any decision of the Committee of the Stock Exchange London.*

SECURITIES

The securities intended to be covered by this Policy are hereby defined to be any bond, scrip, shares, debentures, stock, whether registered or inscribed, certificate, warrant, provisional certificate, or provisional receipt representing or being the document of title to any shares debentures or stock and any warrant, coupon or talon for any interest or dividend payable in respect of any shares, debentures, stock or loan issued by or on behalf of any government, state, province, colony, dependency, city, town, corporation, company, association, undertaking or public authority and any such certification upon any transfer of any such security as would make such transfer so certified good delivery in accordance with the Rules and Regulations of the Stock Exchange London in respect of the securities thereby purporting to be transferred.

The Company for the consideration aforesaid hereby agrees to indemnify the Insured against and to pay to him any such losses as aforesaid subject only to the Warranty and Conditions hereinafter contained which are the essence of the Contract to an amount not exceeding in the whole during the currency of the Policy the said sum of
Pounds.

WARRANTY

The Insured hereby warrants to the Company that at the time of obtaining this Policy he neither knows nor suspects nor has had any ground for suspecting the existence of any circumstances which could or might give rise to a claim under this Policy. The above Warranty shall be deemed to be given afresh from time to time at each renewal of this Policy and to be part of the condition for obtaining such renewal.

CONDITIONS

1. *This Policy ceases to be in force from and after the last day within mentioned as being the last day of the period for which the insurance is effected, or from and after the last day of any extension or renewal thereof in writing for which a Renewal Premium shall be actually paid and receipt for the same given.*

2. *No loss to the Insured arising from any of the within mentioned causes or matters is covered by this Policy unless the discovery of such loss shall take place and notice of the same be given to the Company during the currency of the Policy.*

3. *Notice of the possible occurrence of any loss covered by this Policy shall be given by the Insured to the Company, within seven days after it shall have come to the knowledge or notice of the Insured or his agents or servants that such loss may occur, the giving of such notice to the Company within the said period being a condition precedent to the right to recover any loss. The notice shall be accompanied by all particulars which the Insured may have within his knowledge or power.*

4. *The Amount to be paid to the Insured in respect of any loss covered by this policy shall be ascertained as follows—*

(i) *Where the Insured is under liability to replace and does replace any such security the said amount shall be the price which the Insured has to pay in order to replace the security.*

(ii) *In any other case the amount shall be the market value of the security at the date of discovery of the forgery or theft.*

5. *In the event of the Insured having notice or knowledge of any circumstances or claims whereby or in consequence of which any claim under this Policy has arisen or is likely to arise the Insured shall take such steps as to admission or denial of liability and as to payment or non-payment of such claim and as to the custody of or dealing with the securities in respect of which such claim has arisen or is likely to arise as the Company shall by writing require and in particular shall not without the consent of the Company make any admission of liability. In any such case the Insured shall upon the request of the Company give a written authority to the Company or to some person named by them to act as Agent or Agents of the Insured to take or defend any proceedings which the Company may desire to bring or which may be brought against the Insured in*

respect of the subject matter of such claim and for the purpose of such proceedings to use the name of the Insured provided that the Company shall indemnify the Insured against all loss costs charges and expenses which the Insured may incur or be put to in consequence of the Insured complying with such request or giving such authority.

6. *Upon* any claim under this Policy the Company shall have and be subrogated to the position and all the rights of the Insured with respect to the loss in respect of which such claim arises and shall be entitled for the benefit of the Company to enforce against all or any persons whatsoever any right remedy or claim to indemnity or recoupment which the Insured may have or be entitled to and whether in law or in equity and shall be entitled to sue in or use the name of the Insured to the enforcement of any and every such right remedy or claim and the Insured shall furnish to the Company all such documents, books, information and assistance and do all such things as may be required by the Company in that behalf. The Company shall indemnify the Insured against any costs or expenses the Insured may incur by reason of the use of the Insured's name by the Company.

7. *If* the Insured shall be secured against the same losses under any other policy or policies of insurance, indemnities or guarantees he shall declare the same, if already existing, to the Company at the date of this policy or within seven days after effecting the same if effected after such date and notwithstanding anything in this policy contained the liability of the Company hereunder shall be only their proportion of any such loss relatively to the total amount insured under all such policies, indemnities or guarantees except that if any amount under such policies, indemnities or guarantees shall be irrecoverable by reason of the death, bankruptcy, insolvency or liquidation of any Company or of any persons issuing the same then and in such case the Company shall be answerable to the Insured for their proportion of any such amount, not exceeding the amount of this policy.

6. *The* liability of the Company hereunder is expressly limited to the sum insured and so soon as the losses paid to the Insured shall have amounted to that sum all liability hereunder shall cease and determine and this policy be thereby cancelled and of no effect.

9. *Every* notice to be given to the Company is to be given in writing at the Head Office in London.

10. *The* right to recover any losses hereunder whether accrued or thereafter to accrue and this Policy shall be null and void if the same shall in any manner be transferred or assigned without the previous consent in writing of the Company.

11. *In* the event of any change of partnership in the business of the Insured notice of such change shall be given in writing within 7 days thereof to the Company, and the Company shall thereupon have the option to be declared in writing within 14 days of such notice either to continue the policy or to determine the same as from the date of the said change; and in the latter event if no claim has been made under this policy shall refund to the Insured the proportion of the premium for the unexpired period of this policy.

12. *Upon* any difference arising between the Company and the Insured or any claimant under this policy as to the meaning or extent of the contract hereby made, the amount of any claim hereunder or the fulfilment of the conditions hereof or any question matter or thing concerning or arising out of this insurance it is a condition of this policy which the assured by acceptance thereof agrees to abide by and implement notwithstanding any law to the contrary that every such difference shall be referred to the arbitration and decision of a neutral person; and the decision of the arbitrator shall be final and binding on all parties, and shall be conclusive evidence of the amount payable in respect of the said claim and this condition shall be deemed and taken to be an agreement to refer under the provisions of the Arbitration Act 1889. And it is hereby expressly stipulated and declared that the obtaining of an award by such arbitrator shall be a condition precedent to the liability or obligation of the Company to pay or satisfy any claim under this policy in respect of which any such difference may have arisen and to the enforcement of any such claim.

In witness whereof THE INSURANCE COMPANY LIMITED have caused these presents to be signed by one of the Directors and the Assistant Manager this
 ... day of ... 19 ..

For and on behalf of THE INSURANCE COMPANY LIMITED.

Director.

Assistant Manager.

Exd....

The indemnity is in respect of

- (a) loss in consequence of dealing with forged or stolen securities,
- (b) loss through identification to the Bank of England,
- (c) legal liability by reason of misappropriation by a solicitor of the proceeds of securities sold for a client on instructions of a solicitor.

By the rules of the Stock Exchange all disputes concerning these matters are within the jurisdiction of the council of the Stock Exchange. Their decision when confirmed is final and must be carried out forthwith by every member concerned. The Council is elected annually and has power to expel or suspend any member who fails to comply with such decisions or who violates any of the rules or regulations.

The Stock Exchange does not recognize any other parties than its own members and every bargain must therefore be fulfilled by the members effecting it. An application to annul a bargain will not be entertained by the Council except upon a specific allegation of fraud or wilful misrepresentation or upon *prima facie* evidence of such material mistake as renders the case one fitting for the Council's adjudication.

All disputes between members of the Stock Exchange must be referred to the arbitration of a member or members, and the Council will not take disputes into consideration unless arbitrators cannot be found. A member may not, without the consent of the Council, attempt to enforce by law any claim arising out of such dispute.

The Stock Exchange Rules in regard to the sale of securities provide specifically that the seller of securities deliverable by deed of transfer is responsible for the genuineness and regularity of all documents delivered. When an official certificate of registration of such securities has been issued, the Council will not unless bad faith is alleged against the seller take cognizance of any subsequent dispute as to title until the legal issue has been decided, but reasonable expenses of the legal proceedings must be borne by the seller.

In the case of securities passing by delivery the seller is similarly responsible for the genuineness of the securities delivered, and in case of his death, failure or retirement, such responsibility attaches in

succession to each member through whose hands the securities have passed.

The buyer of securities may refuse to pay for a transfer deed unaccompanied by the certificate unless the transfer is certified by the company or by the secretary of the Share and Loan Department.

Members may not attempt to enforce by law a claim arising out of a Stock Exchange transaction against a defaulter without the consent of the creditors of the defaulter or of the Council.

It is a common practice for brokers to buy and sell shares on the instructions of solicitors and in the case of sales it must be assumed that the solicitor had authority to give the orders for the sale and that the documents of title came lawfully into the hands of the broker. A question may, however, arise as to the position of the broker if he pays the price of the securities to the solicitor, and these rights will depend to some extent on whether the broker has notice that the solicitor is acting for a client. In practice the former relations between the parties would probably be conclusive one way or the other, and it may be assumed that in nearly every case the broker would be considered to have notice that the solicitor is acting as an agent.

If in fact the solicitor was authorized by the client to receive the price then the client cannot afterwards question the payment to the solicitor, but the fact that an agent is authorized to sell does not necessarily imply an authority to receive money, though that authority may be implied from the circumstances of the case such as the possession for the purpose of delivery to the broker of the securities or the transfers. It is also possible that a custom or trade usage for payment to the solicitor might, in some circumstances, be established. Where, therefore, the securities pass under an ordinary transfer or are negotiable instruments the broker is probably protected by payment to the solicitor even if the solicitor has in fact never been authorized to receive the money. The same result would probably follow if a power of attorney for the transfer of inscribed stock were received by the broker through the solicitor, but a greater doubt arises where inscribed stock is transferred by the client personally signing the Bank books. The authority or implied authority on which the broker would have to rely in order to justify payment to the solicitor is an authority to receive the whole of the proceeds of sale, less commission in cash or by cheque which is cashed, and the result of this is that the broker is not protected if he settles with the solicitor in account, that is by crediting the proceeds of the client's shares against the debit which the solicitor owes to the broker.

There appears to be no direct authority as to the position of a broker who pays to a solicitor the purchase price of shares or stock

when the sale has been made by the brokers on the instructions of the solicitor acting for trustees. Payment in these circumstances to the solicitor is usual, and if the solicitor fails to account to the trustees there would appear to be no further liability on the part of the broker even though he knew or had notice that the actual sellers were trustees.

What has been said in regard to solicitors does not depend primarily upon their legal qualifications but upon the law of principal and agent, and if a London broker sells shares belonging to a principal but the London broker's instructions come through a country broker as agent, then the same conditions apply and the London broker will be discharged by payment in cash or equivalent to the country broker and not by merely giving credit in account.

As will be seen, the form of policy is somewhat complicated owing to the great variety of transactions to which it may apply. It is an indemnity to the policyholder against loss devolving on him either by operation of law or by a decision of the Council of the Stock Exchange, and there are full definitions of the exact losses which are covered and the conditions necessarily imposed. The losses must be in connection with securities and there is a wide definition of what is meant by this term.

The losses for which the company undertakes responsibility are those incurred by reason of any securities having prior to delivery to the insured been forged or stolen or any transfer having been so forged and by reason of the insured having had the forged security or transfer delivered to him or the insured having delivered the security or transfer as part of a sale or as security or by reason of the insured being unable by reason of the forgery to pass on the securities.

Important exclusions arise when the forgery has been made in connection with or as security for a speculative account or when the transfer is not completed and registered in the ordinary course. The experience of the companies has been that the liability for forgery exists particularly in cases where brokers are dealing with gamblers because as a last resort and in the hope that things will turn in their favour gamblers have been known to deal dishonestly with the property of third parties to which in some way they have access, expecting, of course, that the turn of fortune's wheel will enable them to recoup the money borrowed for the purpose of continuing a gambling transaction and that the stolen securities will be replaced without any knowledge of the theft and forgery coming to the person principally concerned.

The material stipulations in the policy are that the loss must be discovered and notified during the currency of the policy ; it must be incurred without any guilty knowledge on the part of the insured and in the ordinary course of his business. Dealings with persons in

the office of the company whose shares are comprised in the transfer are excluded from the scope of the policy.

The premiums are fixed according to the amount of the indemnity. The policy contains the usual clauses for notice, subrogation, contribution and arbitration and the only clause which needs special mention is that governing the amount payable in respect of any loss covered by the policy. The class of security in respect of which claims arise is subject to rapid market fluctuations, and difficult questions might arise as to whether the amount payable should be the value at the time of the forgery, at the time of notice of claim, or at the time when a claim is settled. Any question of this sort is precluded by a stipulation that if the policyholder is under a liability to replace the security and does replace it, then the amount payable under the policy is the price which the policyholder pays to replace the security. In other cases the date of the discovery of the forgery is the criterion, and the market value of the security at that date is the sum payable.

CHAPTER XV

SUNDRY CONTINGENCIES

WEATHER INSURANCE

WEATHER insurance consists of the granting of indemnity against loss due to adverse weather conditions which interfere with arrangements made either for holidays or the promotion of outdoor functions such as athletic meetings, cricket and football matches, tennis tournaments, race meetings, agricultural shows, horse shows, flower shows, bazaars, exhibitions, fetes, fairs, concerts, regattas, pageants, catering and building contracts, cinema productions, etc.

The business is of a very specialized type and there is not a large market in which risks can be placed. There is only one company which in any way makes a feature of granting insurances of this kind.

It is hardly to be expected, therefore, that the student will be required to show anything more than a very general knowledge of the subject, but at the same time it is worthy of inclusion in this book as an outstanding example of how insurance is adapted to meet the various needs of the public, and of the care and skill which has been expended in bringing a small section of our business to a high state of proficiency.

There are ten standard forms of policy, the majority of which become operative only in the event of a specified measurement of rainfall occurring during stated hours. The remaining forms cater for risks which are equally dependent on weather conditions prior to the event, such as cricket, tennis and the like. For the latter risk a policy primarily based on a specified rainfall measurement would not provide adequate cover ; and therefore the adverse weather insured against must be defined in some other way. The necessity for such definition is, of course, quite obvious because otherwise it could be a matter of individual opinion as to whether rainfall occurred or not and an unsatisfactory position would be created.

The general basis of insurance being the payment of loss in the event of prescribed conditions of rainfall occurring, the fundamental basis of premium calculation must obviously be the probabilities of such rainfall occurring during the specified hours on the insured day. The standard publication of meteorological offices throughout the World with regard to rainfall statistics is limited to the average monthly rainfall and the number of days on which rain occurred, for a

very large number of places. The word "rain" in this connection means a day on which rainfall was more than a "trace," i.e. a measurable amount. Such a rain day is of course for scientific purposes and is not necessarily a useful criterion for commercial purposes. The published information, therefore, is not very helpful; the only method available is to make research amongst the manuscript of the meteorological office concerned and to extract the number of times the required rainfall conditions have occurred over a period of (say thirty) years. Such a method is obviously not a practical one as it would take many days' work to ascertain the rate in respect of each separate risk. It was necessary to work out averages from the manuscript records in the meteorological offices concerned. The actual daily records were, therefore, examined for selected places over a large number of years and summarized into the average number of days per month on which rainfall amounted to various measurements such as 0.05 in., 0.10 in., 0.15 in., 0.20 in., 0.25 in., etc. These results were plotted for a sufficiently large number of places amply to confirm that there is a reliable constant relation between the average monthly rainfall and the incidence of daily rainfall values. That is to say, places having approximately the same average monthly rainfall will have approximately the same number of rain days of various measurements.

In this way probability curves were prepared for large areas having the same type of weather, whereby, provided the monthly average rainfall was known for any place, one could read off on the curve the probability of given rainfall values, i.e. the expected number of times loss would occur in thirty days, which could in turn be translated into a percentage figure which would be in effect the number of claims expected in each hundred risks. A further refining of statistics was necessary because a day is a period of twenty-four hours whereas an insured risk may be subject only to the weather risk for a much shorter period, say six, eight or twelve hours. It is not correct to assume that the probabilities for periods shorter than twenty-four hours will be in direct proportion. Thus it was found that the probability for a twelve hour period is considerably more than one-half of the twenty-four hour probability as far as higher measurements were concerned, and slightly less for the lower rainfall measurements. The correct relations between short periods and twenty-four hour periods was found by a similar examination, and thus a formula was produced from which, given the average monthly rainfall for any place, one could obtain the probabilities of rain of varying amounts occurring during any one month and any period of hours during a given day.

The above system can be applied with extreme accuracy to countries in the temperate climate, but when we get into continental

and sub-tropical, further refinements have to be made during the hot months of the year when there is a tendency for rainfall values to accumulate during certain periods of the day, noticeably prior to sunset.

The methods displayed above undoubtedly give a reliable basis for premium calculation provided the policy has a fundamental condition of specified measurement occurring in order to bring it into operation. The moment such a condition is dispensed with such formula can be no more than an indirect guide to the premium value of the risk. It can be said, therefore, that a policy which under its terms will come into operation in the event of cancellation of the programme due to previous wet weather, introduces a new set of probabilities which can in fact only be gradually assessed by experience and can be only partly helped by the key formula as to rainfall probabilities.

It is, therefore, a matter of utmost importance to keep a very refined analysis of all business written, and there is now such an analysis extending over twenty years' business. It has been further augmented by adopting a standard form of analysis acceptable to insurance companies writing this class of business in other countries, and by effecting an annual exchange of experience. In the course of time this has built up dependable records.

The most simple form of insurance is on the "total loss" basis and provides for payment of an agreed sum in the event of a specified measurement of rainfall being reached or exceeded during given hours. Such policies are well suited for the risks of comparatively small value, but in view of the fact that, being on a total loss basis the rates are inevitably high (probably averaging about 12 per cent on the sum insured), such rates would not attract business of high values, neither is it necessary as a rule in such cases to have a policy providing for a total loss irrespective of the actual loss sustained. The bigger risks therefore are usually provided for under one of the indemnity forms of policy which, in the event of specified rainfall, makes good any loss up to the amount of the policy.

The basis of underwriting, therefore, as distinct from the total loss basis, is to have a proper appreciation of the extent to which certain rainfalls are likely to affect the results, and on such a basis to make a suitable reduction in the rate.

The effect of rain, from the point of view of claim, varies considerably according to the risk, some being much more sensitive to the effects of rainfall than others. Amongst the more sensitive type are open air theatres, boxing matches and cycle and motor races, whereas fetes, agricultural shows, carnivals and exhibitions would be very much less sensitive to a corresponding amount of rainfall and by

their nature may reasonably be expected to continue in spite of rain, therefore producing a certain amount of income which would reduce the eventual claim. The scheme has been made as comprehensive as possible, and under certain restrictive conditions fog, frost, snow and other adverse weather conditions may be provided for.

Rain is produced by the condensation due to cooling of the aqueous vapour in the air. The cooling is generally brought about by the expansion of the air in passing from lower to higher levels producing, first, clouds and, as the cooling continues, causing further condensation resulting in drops of water which fall as rain.

For the purpose of measurement rain is collected in a rain gauge and measured off in a glass vessel graduated either in inches or millimetres (1 in. equals approximately 25.4 mm.). In the case of snow the amount collected in the gauge is melted and the resultant water measured. For snow of ordinary density 12 in. is equivalent to 1 in. of rain. The mean rate of rain per hour is approximately 0.05 in. The highest rate recorded ever was at Preston in August, 1893, when during five minutes rain fell at the rate of 15 in. per hour, and the highest total rainfall in an hour was recorded at Maidenhead in July, 1901, when 3.63 in. fell.

The yearly average rainfall for the period 1881-1915 was—

		<i>Driest</i>	<i>Wettest</i>
		<i>Month</i>	<i>Month</i>
England	.. 32.67 in.	April	October
Wales	.. 50.14 in.	May	December
Scotland	.. 50.32 in.	June	December
Ireland	.. 43.30 in.	April	December
British Isles	41.41 in.	April	December

Several rainfalls in one day of over 8 in. are on record, the heaviest being 9.56 in. at Bruton, Somerset, on 28th June, 1917.

The following is a brief outline of the standard policies—

(1) For holiday makers against expenses involved, i.e. hotel bills, fares and the like.

Compensation for each separate week in which the rainfall on three or more days (of twenty-four hours) equals or exceeds a stipulated measurement. Compensation for each separate week in which the rainfall in the aggregate equals or exceeds a stipulated measurement.

(2) Total loss basis for fetes, garden parties, gymkhanas, etc.

(a) Cover for each day of a specified number of hours during which the rainfall equals or exceeds a stipulated measurement. The standard policies are based on rainfall measurements of 0.10 in., 0.15 in. or 0.20 in., but other measurements are quoted for to suit any special requirements. The sum insured is payable in the event of the stipulated amount of rain falling during the insured period.

(b) Cover for each day of a specified number of hours in proportion to the measurement of rainfall during that period. For example, if the rainfall during the insured hours amounts to at least 0.10 in., the amount of claim payable is 30 per cent of the sum insured, if 0.15 in. the amount payable is 60 per cent of the sum insured, and if 0.20 in. or over, 100 per cent of the sum insured is payable.

(c) Cover against loss of income in the event of rain occurring to the minimum measurement stated in the policy.

(3) Outdoor Undertakings extending over a large number of days such as Exhibitions and the like.

Cover for each day of a specified number of hours during which the rainfall equals or exceeds a stipulated measurement after the first x of such rain days (x representing the normal expectancy) have been reached.

This policy is particularly applicable to outdoor undertakings extending over a large number of days or an entire season. It is evident that a certain number of wet days will be experienced over an extended period, and it is an obvious economy for the insured to bear the cost of the normally expected number of such wet days himself as otherwise the claims for such days must be brought into the premium calculation, whereas should the season prove to have a less number of wet days than normally expected the insured will reap the benefit not only from an increased turnover due to a fine season but also from the lower premium rates.

The policy provides an agreed sum per day after the normal expectancy has been exceeded.

For example, if the insured period is one hundred days of ten hours and the normal expectancy, as indicated by meteorological records, of claim is eight, the amount payable will be the sum insured per day for each day of rainfall amounting to 0.10 in. or over in excess of the first eight of such days, which the insured must bear himself.

(4) Seasonal undertakings dependent on warm weather, such as swimming pools, country clubs and hotels, deck chair hire, etc.

Compensation in the event of a deficiency of sunshine over periods of from one to six months. Deficiency is calculated in terms of percentage below the average expected sunshine hours during the insured period.

(5) Football, racing, open air theatres, firework displays, staff outings, etc.

Cover against loss of expenses if the event is cancelled or postponed due to rainfall (irrespective of measurement) and for other specified adverse weather conditions.

(6) Cricket matches and other outdoor sports for which admission charges are made.

Cover against reduction in gate receipts if the play is delayed or stopped by the Umpires for the minimum period specified in the policy due to rain or wet condition of the ground.

There is a special policy on a similar basis for, but specially adapted to, tennis tournaments.

PEDAL CYCLE INSURANCE

This class of insurance caters for owners of cycles, both private and business. For the private user two policies are available—one covering third party risks only, and one covering third party risks and loss of or damage to the cycle by accident, fire, lightning or explosion, and burglary, housebreaking and theft.

The usual proposal form is as follows—

1. Name of Proposer (<i>in full</i>)			
Address			
Profession or Occupation		Age	
2. State whether insurance is required for Third Party risks only or for Third Party and Loss of or Damage to Cycle		State amount of indemnity required. £	
3. Description of the cycle. (<i>This question need only be answered if indemnity for Loss or Damage is required.</i>)			
(a) Whether bicycle, tricycle or tandem.	(b) Maker's name.	(a)	(b)
(c) Maker's Number and Pattern.	(d) Date of purchase.	(c)	(d)
(e) Price paid.	(f) Present value	(e) £	(f) £
4. (a) Where will the cycle be kept?		(a)	
(b) Will the cycle be used for private purposes only? ..		(b)	
(c) Is the cycle in a good state of repair?		(c)	
5. Have you any physical defect or infirmity? If so, please give particulars			
6. Is it desired to cover the Third Party liability of any person other than the Proposer who will ride the cycle? If so, please state (a) whether member of Proposer's family or not (b) name (c) age and (d) particulars of any physical defect or infirmity		(a)	(b)
		(c)	(d)
7. What cycle accidents or losses have you (or the rider) sustained during the last three years?	Year	No.	Amount
			Particulars
8. (a) Have you ever proposed for insurance of this or any other cycle to any Company or Underwriters? If so, please state name and with what result		(a)	
(b) Has any renewal ever been declined or not invited or policy cancelled?		(b)	
(c) Has an increased rate of premium been required, or have special conditions been imposed?		(c)	

I hereby declare that the particulars stated above are true and I agree that this Declaration and the answers given above shall be the basis of this contract between me and the INSURANCE COMPANY LIMITED.

Date 19 Signature of Proposer }

The policy is in the following form which clearly shows the cover and the exceptions (which should be carefully noted). The conditions, which contain nothing of special interest, are omitted.

PEDAL CYCLE POLICY

WHEREAS the Insured named in the Schedule below has by a proposal and declaration dated as stated in the said Schedule which proposal and declaration it is hereby agreed shall be the basis of this contract and be considered as incorporated herein applied to the INSURANCE COMPANY LIMITED (hereinafter called "the Company") for the Insurance hereinafter contained for the period stated in the Schedule hereto and in consideration of the Insured having paid or agreed to pay to the Company the sum shown as the first premium for or on account of such Insurance

NOW IT IS HEREBY AGREED

subject to the conditions contained herein or endorsed hereon (which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) that should any of the following contingencies happen within Great Britain Northern Ireland Ireland the Isle of Man or the Channel Islands during the said period or any subsequent period in respect of which the Insured shall have paid and the Company accepted a renewal premium

THE COMPANY WILL INDEMNIFY THE INSURED AGAINST:—

SECTION 1. The Insured's Legal Liability (other than Liability assumed under agreement) for:—

- (a) accidental bodily injury to any person (other than a member of the Insured's family or a person in the Insured's service or any person riding or being conveyed on any pedal cycle which is in use by the Insured) or
- (b) accidental direct damage to property not belonging to or in the custody or control of the Insured or any servant of the Insured or any member of the Insured's family or being conveyed on any pedal cycle which is in use by the Insured

caused by or through any pedal cycle whilst being used personally by the Insured up to an amount not exceeding in respect of damages for any one accident or a number of accidents arising out of one occurrence irrespective of the number of claimants or of the amount of claims thence arising the sum specified in the Schedule hereto as the Limit of Indemnity.

SECTION II. Loss of or Damage to any pedal cycle mentioned in the Schedule below by:—

- (a) Accidental External Means (excluding the first 5s. of each claim in respect of damage)
 - (b) Fire Lightning or Explosion
 - (c) Burglary Housebreaking or Theft
- up to an amount not exceeding the sum insured mentioned in the schedule.

THE COMPANY WILL IN ADDITION where legal proceedings have been defended with its consent pay all legal expenses for which the Insured may be liable.

IN THE EVENT OF THE DEATH OF THE INSURED the Company will in respect of the liability incurred by the Insured indemnify the Insured's personal representatives in the terms of and subject to the limitations of this Policy provided that such personal representatives shall as though they were the Insured observe fulfil and be subject to the terms exceptions and conditions of the Policy so far as they can apply.

EXCEPTIONS

PROVIDED ALWAYS that the Company shall not be liable for :—

- (a) wear and tear or mechanical breakdown
- (b) damage to tyres by application of brakes or by road punctures cuts or bursts
- (c) repairing or replacing lamps tools or accessories unless damaged by an accident involving damage to the cycle itself
- (d) theft of tyres lamps tools or accessories unless the cycle itself is stolen at the same time
- (e) bodily injury damage to property or loss of or damage to any pedal cycle insured hereunder
 - (1) caused or contributed to by War Invasion Act of Foreign Enemy Hostilities (whether War be declared or not) Civil War Rebellion Revolution Insurrection or Military or Usurped Power or
 - (2) caused or sustained whilst any pedal cycle owned or under the custody and/or control of the Insured is being used in any employment business or profession or whilst any pedal cycle specified in the schedule below is let out or used for hire or
 - (3) caused or sustained in racing pacemaking or speed tests.

SCHEDULE

POLICY NUMBER		NAME OF INSURED	
FORM No.			
COMMENCING			
EXPIRING		ADDRESS OF INSURED	
DATE OF PROPOSAL AND DECLARATION			
AGENCY	LIMIT OF INDEMNITY (Section I)	ANNUAL PREMIUM £ : :	
	SUM INSURED (Section II)	FIRST PREMIUM £ : :	
PARTICULARS OF CYCLE(S) INSURED			
DESCRIPTION	MAKER'S NAME	MAKER'S NUMBER AND PATTERN	DATE OF PURCHASE

IN WITNESS WHEREOF this Policy has been signed thisday of
..... 19. . .

Accident Manager.

The premiums are as follows—

Third Party only.

<i>Limit of Indemnity</i>	<i>Annual Premium</i>
£1,000	3s. 6d.
£2,500	4s.
£5,000	4s. 6d.

To provide indemnity to riders other than the insured—

(a) Members of Insured's family

One rider 20% additional premium
More than one rider 33 $\frac{1}{3}$ % additional premium

(b) Non-members of insured's family

One or more riders 100% additional premium

Third Party (limit £1,000) and Loss of or Damage to Cycle.

<i>Value of Machine</i>	<i>Annual Premium</i>
£5	10s. 6d.
£10	13s.
£15	15s. 6d.

There is no special consideration either as regards indemnity or claims which calls for comment.

For business cycles and pedal cycle carriers four policies are available—

1. Comprehensive.
2. Third Party only.
3. Third party, fire and theft.
4. Third party and damage.

The form of proposal is as follows—

1. Proposer's Name (<i>in full</i>)			
Postal Address ..			
Occupation or Business ..			
2. Estimated maximum number of riders employed at any one time in cycling (including proposer, if he rides) ..			
3. Addresses of all premises from which cycles will be used ..			
4. Are your cycles in a sound state of repair?			
5. Please state type of policy required, i.e. :—			
(a) Comprehensive (see particulars overleaf)		(a)	
(b) Claims by the public only ..		(b)	
(c) Claims by the public, theft of cycles, and fire		(c)	
(d) Claims by the public and accidental damage to cycles (excluding fire and theft) ..		(d)	
6. State whether you require a Third Party indemnity limit of £1,000 or £10,000		£	
7. Description of cycles ..			
(This question need not be answered if Third Party Liability cover only is required)			
(a) Type ..		(a)	
(b) Maker's Name and No. ..		(b)	
(c) Date of Make ..		(c)	
(d) Estimated Value ..		(d) £	
8. Has any Company or Underwriter at any time			
(a) Declined your proposal?		(a)	
(b) Refused to renew or cancelled your policy?		(b)	
(c) Required an increased premium on renewal?		(c)	
9. What cycle accidents or losses have you sustained during the past two years?		Year	Number
		19	Amount
		19	Particulars

I/We the undersigned, desire to effect an indemnity against risks as set forth above, in the terms of the policy used in this class of insurance. I/We agree to render at the end of the period of insurance a statement in the form required of the maximum number of riders employed, and to pay premium on any excess of the number estimated. I/We declare that all the above statements and particulars are true and I/We agree that this proposal and declaration shall be taken as the basis of the proposed contract between me/us and the INSURANCE CO. LTD.

Signature of

Date 19 .. Proposer

The comprehensive policy, of which the following is a copy, sets out the cover and exceptions; for the other insurances certain sections are deleted.

The conditions, which are in common form, have been omitted.

COMPREHENSIVE POLICY

WHEREAS the Insured by a proposal and declaration which shall be the basis of this Contract and is deemed to be incorporated herein has applied to the INSURANCE COMPANY LIMITED (hereinafter called the Company) for the Insurance hereinafter contained and has paid or agreed to pay the premium as consideration for such Insurance in respect of accident loss or damage occurring during the period of insurance or during any subsequent period for which the Company may accept payment for the renewal of this Policy

NOW THIS POLICY WITNESSETH that subject to the terms exceptions and conditions contained herein or endorsed hereon

SECTION 1—LIABILITY TO THIRD PARTIES

- (1) The Company will indemnify the Insured in the event of accident caused by or through or in connection with any pedal cycle (which expression shall include a pedal cycle carrier) owned by the Insured or for which the Insured is responsible or in connection with the loading or unloading of such cycle against liability at law for damages in respect of

Death of or bodily injury to any person

Damage to property.

- (2) In the terms of and subject to the limitations of and for the purposes of this Section the Company will treat as though he were the Insured any person who is riding such cycle on the Insured's order or with his permission provided that
 - (a) such person is not entitled to indemnity under any other policy
 - (b) such person shall as though he were the Insured observe fulfil and be subject to the terms exceptions and conditions of this policy in so far as they can apply
- (3) In the event of the death of any person entitled to Indemnity under this Section the Company will in respect of the liability incurred by such person indemnify his personal representatives in the terms of and subject to the limitations of such provided that such personal representatives shall as though they were the Insured observe fulfil and be subject to the terms exceptions and conditions of this Policy in so far as they can apply.

PROVIDED that the liability of the Company under this Section for all damages payable in respect of any one claim or number of claims arising out of one cause shall not exceed the limit of indemnity.

In respect of a claim for damages to which the indemnity expressed in this Policy applies the Company will also pay

- (a) all costs and expenses recovered by any Claimant from the Insured and
- (b) all costs and expenses incurred with the written consent of the Company.

EXCEPTIONS TO SECTION I

The Company shall not be liable in respect of

- (a) death injury or damage caused or arising beyond the limits of any carriageway or thoroughfare in connection with
 - (i) the bringing of the load to such cycle for loading thereon or
 - (ii) the taking away of the load from such cycle after unloading therefrom
- by any person other than the rider of such cycle
- (b) death of or bodily injury to any person in the employment of the Insured arising out of and in the course of such employment

- (c) death of or bodily injury to any person upon or mounting or dismounting from such cycle with the consent of the Insured or of any servant of the Insured
- (d) damage to property belonging to the Insured or held in trust by or in the custody or control of the Insured or being conveyed by such cycle
- (e) any liability which attaches by virtue of an agreement but which would not have been attached in the absence of such agreement.

SECTION II—ACCIDENTAL DAMAGE

The Company will indemnify the Insured against accidental damage to any pedal cycle described in the Schedule hereto (including tyres and accessories when damaged as the result of an accident to such pedal cycle).

The Company may at its option repair reinstate or replace any property damaged or may pay in cash the amount of the damage.

The liability of the Company under this Section in respect of any claim for damage to any cycle (including tyres and accessories) shall not exceed the estimated value.

EXCEPTIONS TO SECTION II

The Company shall not be liable to pay

- (i) for damage by fire or theft or depreciation wear and tear or breakdown
- (ii) the first ten shillings of any amount which but for this Exception would have been payable in respect of any claim under this Section.

SECTION III—FIRE OR THEFT

The Company will indemnify the Insured against loss by Fire or Theft of or damage by Fire or Theft to any pedal cycle described in the Schedule hereto (including tyres and accessories thereon if the cycle is damaged or stolen at the same time).

The Company may at its option repair reinstate or replace any property lost or damaged or may pay in cash the amount of the loss or damage.

The liability of the Company under this Section in respect of any claim for loss of or damage to any cycle (including tyres and accessories) shall not exceed the estimated value.

GENERAL EXCEPTIONS

The Company shall not be liable under this policy for

- (a) any accident injury loss damage or liability caused by or through or in connection with any pedal cycle whilst such pedal cycle is being used
 - (i) otherwise than for the purposes of the Business or for social domestic or pleasure purposes
 - (ii) for hire or reward
- (b) any accident injury loss damage or liability arising outside Great Britain Ireland Northern Ireland the Isle of Man or the Channel Islands
- (c) any consequence of war invasion act of foreign enemy hostilities (whether war be declared or not) civil war rebellion revolution insurrection or military or usurped power
- (d) any accident loss or damage (except under Section I) arising during (unless it be proved by the Insured that the accident loss or damage was not occasioned thereby) or in consequence of earthquake riot or civil commotion.

APPLICATION OF LIMITS OF INDEMNITY

In the event of any accident involving indemnity to more than one person any limitation by the terms of this Policy or of any endorsement thereon of the amount of any indemnity shall apply to the aggregate amount of indemnity to all persons indemnified and such indemnity shall apply in priority to the within-named Insured.

SCHEDULE

Policy No.		Name of Insured	
Date of Proposal and Declaration		Address	
Business			
Agency	Period of Insurance	Annual Premium (Subject to adjustment in terms of Condition 5)	First Premium (Subject to adjustment in terms of Condition 5)
	From		
	To		
Folio			
Estimated Maximum Number of Riders Employed in Riding at any one time (Including Insured if he rides)		Limit of Indemnity (Claims by Third Parties.)	
Description of pedal cycle	Date of Make	No.	Estimated Value

IN WITNESS WHEREOF this policy has been signed this day of
 19 ..

Accident Manager.

The premiums depend upon the situation of the premises from which the machines are used.

For this purpose the country is divided up as follows—

1. London postal area.
2. The large cities, such as Liverpool, Manchester, Birmingham, Glasgow, Cardiff, Belfast, and so on.
3. The smaller cities and the county boroughs such as Birkenhead, Aberdeen, Bournemouth, Brighton, Norwich, Swansea, York, and so on.
4. Elsewhere.

Rates are obviously highest in category 1 and lowest in category 4, the premium for a comprehensive policy on a cycle of moderate value, with a third party indemnity limit of £1,000, being about 45s. in the former case and 27s. 6d. in the latter.

The third party cover is, in all cases, unlimited as to amount in any one year.

The rates are per rider and are based on the maximum number of riders (including the insured if he cycles) using the machines at any one time in the year. The rates for fire and theft are per machine on the total number of machines used on the business of the insured.

There is a compulsory excess of 10s. in respect of accidental damage, other than by fire or theft.

Damage to or theft of tyres, lamps, tools or accessories is covered only if the machine itself is damaged or stolen at the same time.

In the case of farmers' cycles used for the delivery of goods the "elsewhere" rates are charged irrespective of locality ; where not so used, they are treated as private cycles.

The premium, having been calculated on estimates, is by the conditions of the policy adjusted at the end of the year of insurance and the insured is required within one month of expiry to furnish a declaration in the following form—

In compliance with the conditions of Policy No. I/We hereby declare that during the twelve months ended 19 the maximum number of riders employed at any one time in riding (including myself/ourselves) was

COUPON INSURANCE

Coupon insurance has been transacted for many years, but was a somewhat minor branch of the business and was the preserve of one or two companies who specialized in it.

The first form of coupon insurance was instituted in connection with the popular penny weeklies. The idea caught on and most of these papers gave some form of coupon insurance.

After the first great war the national daily papers hit on the idea of increasing their circulations, and the business received a great fillip. In spite of the resulting increase in premium income, the business was not of importance as it remained in the hands of a few companies. Some newspapers carried the risk themselves, but arranged for an insurance company to handle the claims on their behalf.

Now that the newspapers have ceased to give insurance cover to their readers, the business has fallen into abeyance. It is not encouraged by the companies and is not likely to grow to any appreciable extent.

In addition to the newspapers, a large business was done in connection with what are termed "specialities," viz. diaries, time tables, fixture lists, programmes, etc.

The premium was usually an adjustable one charged upon the circulation of the paper, so much per 1,000 of circulation, or upon the number of specialities sold, and was adjusted when the exact numbers could be ascertained. In the case of "specialities," a premium was usually paid by the purchaser who sent this in with the coupon to the insurance company. The newspaper coupon was, however, generally free to the reader.

The name of the company was mentioned on the coupon, and the benefits accruing from this in the way of advertisements were fully used as a means of forcing down the premiums.

Originally the cover was in respect of certain travel accidents, principally accidents to a railway train in which the couponholder was travelling as a fare-paying passenger, but the more modern coupons considerably extended this cover. Conditions and limitations were of a somewhat stringent character, especially in the older schemes.

DOG INSURANCES

This class of insurance is not transacted by the companies generally but is left in the main to one specialist office, which has developed this business, and to Lloyd's.

The policies are designed to meet the varying needs of dog owners, both private and professional, and are issued for transit risks of all kinds, farm and working dogs, coursing and racing greyhounds, kennel owners' indemnity, third party risks, whelping risks. In addition a comprehensive policy is issued for all dogs, pedigree and other, covering death from any cause, loss or theft, loss of litter, veterinary surgeons' fees, forfeited entry fees, loss of value as result of accident, third party liability, persons and property, and costs (limit £1,000).

The policy is based upon a proposal form which asks for full particulars of the dogs and or bitches to be insured and the usual particulars of claims experience and insurance history.

Where animals are insured for over £25 a certificate from a veterinary surgeon is required to the effect that the proposal is correct and the animals are in sound and good condition, and the sums proposed are fair and reasonable.

The table of rates is too involved to attempt to summarize it here. The rates are quoted per £ insured for a twelve months' cover, but short term policies are also provided for.

There is an elaborate schedule of classes and dogs, and in the case of bitches the class is sometimes different for breeding risks. Over 100 breeds are classified.

After finding the classification (A, B, C, or D) of the animal, then the premium varies according to the various sections or combination of sections of the comprehensive policy required, and additional lump sums have to be added when the animal is insured for £25 or less and discounts are allowed when more than three animals are insured.

Puppies under three months of age are not covered for accidental death or in respect of third party liability.

The cover includes death from any cause, including fire and lightning, transit by air, road, rail and water, show risks, disease or

sickness including distemper or B.H.S. (Bata Haemolytic Streptococ-cil Infection) and accidental poisoning, in which event the sum insured is payable together with veterinary surgeon's fees varying according to the sum insured. The breeding risk includes death by whelping and loss of the litter and veterinary surgeon's fees.

The cover for loss or theft includes straying and the cost of advertising or other efforts to recover, varying according to the sum insured.

The loss of entry fees is restricted to dogs registered at the Kennel Club and is limited to £10.

The loss of value cover is limited to half the sum insured.

The third party cover, which can be obtained separately for a premium of 5s., is limited to £1,000 and excludes members in insured's family and employees or property belonging to them or of their custody or that of the insured.

The Kennel Owner's policy applies also to cats and kittens.

SCHOOL FEES INDEMNITY

The market for these insurances is somewhat restricted. The insurance is normally offered to the school and the parents are invited to enter the scheme and to pay the cost of insurance with the fees.

The scheme is one whereby if a pupil is prevented by accident, illness or contact with infection, from attending school for a period exceeding seven consecutive days a *pro rata* refund of the fees paid will be made to the parent. No payment is made in respect of the first seven days. The maximum refund is limited, generally to one-and-a-half terms' fees in any one year.

Restrictions are placed on the benefits during the first term by confining them to accidents and certain specified illnesses in order to avoid payment for any latent condition which may have been in existence at the inception of the insurance. Only children who are in good health and who have not been in contact with infection are eligible. A medical examination is not required in view of the usual certificate furnished by parents at the commencement of each term. The policy is an annual one and would not be continued for a child in poor health. It is not in the nature of a permanent sickness contract. The premium is calculated accordingly to the school fees.

The scheme is designed to overcome the vexed question of the payment of full fees for a term when the pupil has been absent through illness. The school master is not prepared to forego his fees because he cannot fill the vacancy at short notice or during the term. The legal position is not very clear, but generally it is stipulated in

the contract that fees shall not be returned in case of illness. The business is not generally undertaken as the companies object to insuring against sickness of children.

KEY INSURANCE

This is a minor class of accident business, though of old standing. It is transacted by only one or two specialist companies, and the business is usually obtained by personal canvass.

The object is to provide means whereby lost keys can be restored to their owners or, in the event of their not being returned, to provide the cost of replacement up to the sum insured. In addition to these benefits an insurance against death or disablement from accidents to trains or licensed vehicles or whilst cycling, is sometimes added.

The premiums are payable annually and are collected by agents who devote their whole time to the work. A metal label stamped with a distinctive number and the name and address of the company is given to each insured for attaching to his key ring. A reward of 5s. (maximum of 10s. in any one year) is paid to the person finding these keys and depositing them at a police station. If the keys are not recovered the company pays the cost of replacement up to £10 10s. The label remains the property of the company and has to be returned on the insurance lapsing.

The annual premiums charged vary from 1s. 6d. to 2s. 6d. The business is naturally expensive to run, as whole-time collectors are employed. None of the big composite offices transacts key insurance, and the one or two small offices who cater for it re-insure their liability for fatal accidents, and content themselves with holding the risk of the key insurance and the disablement claims.

LICENSE INSURANCE

In the heading to this section, use has been made of the spelling habitually employed in the transaction of this business. Knowing of no warrant for this, however, the author prefers to follow the more orthodox counsel of the Oxford Dictionary.

Licence insurance provides a scheme for granting an indemnity against loss to those financially interested in licensed property by reason of the forfeiture of or failure to obtain renewal of the licence by virtue of which the business is carried on.

From time to time many companies have entered the business but at the present time it is practically the monopoly of one company which was the pioneer and which has developed the business on

sound lines and provides an adequate market for this very specialist class of business.

The law of licensing is a complicated branch of our legal system, and it would be quite impossible to deal with it adequately within the compass of this book, but some rudimentary knowledge is necessary for an understanding of this business.

Speaking generally a magistrates' licence is now required for the sale by retail of any intoxicating liquor in any circumstances. These licences are granted at Brewster Sessions, held annually during the first fourteen days of February, and are valid for a period of twelve months, on the expiration of which they come up for review (renewal). Certain licences for which a monopoly value has been paid, form an exception to this rule, and these special licences will be referred to later.

The questions which arise as to the grant of a new licence do not specially concern us in dealing with licence insurance, as obviously until the grant is secured there is no licence to be insured.

As regards the renewal of the licence the discretion allowed has always been a moot point. That the justices had power to review and refuse such licences as they considered unnecessary was decided as long ago as *Griffiths v. Lancashire Justices* (1887), 51. J.P. 453, but on the other hand the law had clearly recognized a vested interest in a licence which cannot be abolished without cause being shown.

Many cases were fought on many different points but finally came the case of *Sharp v. Wakefield* which laid down the exact discretion to be exercised by the justices in granting or refusing the renewal of licences. This case, which was carried to the House of Lords, is perhaps the leading case on the subject and was mainly responsible for the formation of The Licenses Insurance Corporation and Guarantee Fund Ltd., now The Licenses and General Insurance Co. Ltd., the pioneers of licence insurance.

The case of *Sharp v. Wakefield*, [1891] A.C. 173, arose on the refusal of the Kendal justices to renew a licence on the grounds that the inn was remote from police supervision and that the character and necessities of the neighbourhood did not require its existence.

The owner on the other hand contended that upon the renewal of the licence the only question for the justices was the fitness of the person and perhaps of the premises and that it was on the original grant only that the necessities of the district could be considered. This contention was overruled and thenceforward it was good law that the justices could refuse a licence on the sole ground that the licence was unnecessary for the needs of the neighbourhood.

As previously stated the law gave the owners some right in the licence and the legislature decided that the number of licensed houses

exceeded the demand and that the number must be reduced. To refuse the licence without compensation would have been to inflict great hardship on persons who had invested in licensed property on the faith of the vested right to renewal which the law had tacitly acknowledged. An Act was passed which provided that an annual levy could be made over the licensed houses in England and Wales and that the proceeds should form a compensation fund.

"Off" licences are excepted. They do not contribute to the fund and do not receive compensation from it. In most cases the "off" licence is an adjunct to some other business, generally that of a grocer, and in practice it would be difficult to arrive at a figure that would adequately represent the value of the licence, as in many cases the possession of a licence is of distinct advantage to the other business carried on.

It follows, therefore, that in the case of an "off" licence the objection that the licence is unnecessary for the needs of the neighbourhood still holds good, and the discretion of the licensing justices still remains, always provided that such discretion is exercised judicially.

Similarly, monopoly value licences do not contribute to or receive compensation from the Fund.

The Fund is vested in the justices and when in their discretion a licence is refused on the ground that it is unnecessary for the needs of the neighbourhood, interested persons are compensated from the Fund.

Each licensing district was empowered to form its own Fund and within the capacity of the same the justices were enabled to close houses that were considered to be in excess of the needs of the district.

Apart from the refusal on the grounds of non-necessity the justices have a fairly wide discretion as to refusing renewal. The character of the tenant may be unsatisfactory, the premises may have been ill-constructed, structurally deficient, of insufficient annual value, there may have been convictions against the licensee (the holder of the licence) for permitting gaming, betting, drunkenness or harbouring prostitutes. A licence can also be immediately forfeited upon conviction of the holder for keeping a brothel, harbouring thieves, etc., and also if it should be found to have been renewed to a disqualified person such as a felon.

As regards houses upon which a monopoly value has been paid, the position arose in this way. Formerly a licence was granted for no consideration beyond the needs of the neighbourhood but no one could sell liquor without a licence, and thus a valuable monopoly was given as a free gift to certain fortunate individuals.

The values of licensed properties rapidly increased and it was enacted that a monopoly value was to be charged for all new licences, which could either be granted for a term of years not exceeding seven or be given as permanent grants renewable annually. A term licence does not carry any automatic right to renewal, and prior to its expiry an entirely new licence has to be applied for, which, if granted, involves the payment of monopoly value. Permanent grants renewable annually come up for annual review in the same manner as old "on" licences granted prior to 1904. Term licences are subject to forfeiture upon conviction during the term for which they are granted, upon roughly the same grounds as those upon which the renewal of an old "on" licence can be refused.

Any person or body of persons may object to the renewal of a licence, and in such case must serve notice of their intention so to do on the licensed person not less than seven days before the commencement of the meeting. The notice must be in writing and state in general terms the grounds of objection. Without previous notice, objection may be made at the licensing meeting and the justices may adjourn the application and require the attendance of the holder of the licence at the adjourned meeting. Whilst no formal notice is required to be given by a licensed person for the renewal of his licence, he or someone on his behalf should make an application, otherwise the licence would drop.

For insurance purposes it is necessary to consider only the two most general forms of licence—the "on" and the "off." The former may be subdivided into the beerhouse licence, beer and wine, and the full licence. The "off" licence is, as the name implies, a licence to sell excisable liquor to be consumed away from the licensed premises.

The persons most generally interested in the licensed house may be the owner, either freeholder or leaseholder, the person having a purely financial interest, i.e. a mortgagee, and the actual holder of the licence (the licensee). In dealing with so many and diverse interests it is only natural that difficulties may arise in determining the extent of the interest of each. The freeholder may have raised a mortgage on the security of his freehold interest. The leaseholder (possibly a brewery company) may have debentures the security for which is their "tied" houses, and finally the licensee may have insured his interest as such. Thus five separate interests may claim to have suffered loss by reason of the refusal of the one licence.

Broadly speaking, a licensed house has two values—as a going concern, i.e. the bricks and mortar plus the licence, and the value of the premises unlicensed, the difference between the two representing the value of the licence. Many circumstances may operate to vary the position but as set out it will serve as a general statement.

Broadly speaking the value of a licence is ascertained by the volume of trade done on the premises, but many factors prevent any hard and fast rule being laid down. The class of trade done, the proportion of the beer to the wine and spirit trade and many other causes operate to raise issues in individual cases. In like manner, the value of the premises minus the licence is subject to many variations. In some few cases the site value may be such that the premises may be of greater value as shops and offices than as a public house.

In valuing the trade of any particular house it is usual to take the annual barrelage and calculate the profit on this at so much per barrel, adding to this the profits on other sales and any profit rental, and capitalizing them at so many years' purchase, generally ten or eleven years on the drink trade and eighteen to twenty years for the profit rental. Expert opinion will always be found to differ as to the value of the trade, and any general formula for use in all cases is impossible.

The insurance side of the business follows the usual lines. The proposal is the basis of the contract and in addition to the usual questions as to the name, address and interest of the proposer, questions are asked as to the class of licence, whether hotel, public house, beerhouse, etc., the date of the original grant, if a new licence, the age of the structure and its structural and decorative repair. It is also important to know if the licence-holder has been summoned, fined or convicted of any offence, and whether there has been any opposition to the renewal of the licence or disqualification of the premises.

A copy of the general form of policy is set out on page 210.

Renewal notices are issued and the ordinary office system of accountancy is followed.

The special problems of the business cannot be enumerated here, but it is important to remember that whilst the licence is granted and renewed according to a law which is in itself very intricate, the administration of this law is in the hands of Licensing Justices sitting in several hundred different Petty Sessional Divisions, and their decisions are in turn subject to appeal to the Justices sitting at Quarter Sessions. It follows, therefore, that there must be diversity of practice. One bench of Justices may see no objection to several licences being held in one name; others set their faces against any such practice. Some Sessions are unfavourably disposed towards "off" licences, which other benches rather favour.

Certain towns have a bad reputation. There are too many licences or the townspeople are of a type given to causing trouble, and so on.

The record of the house as regards management is of first importance and, speaking generally, the freedom or otherwise from convictions is a good guide.

The structural condition and the accommodation afforded are grounds of objection, and it is necessary to be satisfied that the prescribed conditions are present.

The handling of claims is a matter requiring the greatest care. Unlike most branches of insurance the claim materializes by steps, except in the case of a licence forfeited. The first step is the serving of a notice of intention to object to the renewal. This may be serious or otherwise, but it is a danger signal and must not be disregarded. It is essential that the licensee be adequately represented at the hearing at Brewster Sessions. This is sometimes a matter of some delicacy as the cost of such representation does not fall to be borne by the insurance company. If the renewal is refused the claim may be said to have arisen, and the costs of any appeal against a refusal to renew are borne by the insurers.

The question of an appeal to Quarter Sessions then needs careful consideration. It is necessary to know the full circumstances surrounding the refusal, the chances of the appeal proving successful and the value of the licence. An appeal to Quarter Sessions is an expensive matter and the amount involved may not warrant the expenditure.

In the case of an appeal the company's previous experience of appeals can often be brought to bear on some difficult point.

If the appeal succeeds the company pays the costs; if unsuccessful the company pays both sets of costs, and the value of the licence up to the policy limit. Unless some important point of law is involved the matter is seldom taken beyond Quarter Sessions.

In addition to the insurance of the licences already referred to, insurances are granted in respect of the risks attached to the licences of theatres, music halls, and cinematograph theatres which being annual grants renewable each year according to the discretion of the authorities, are, to such extent, precariously held, more so, in fact, than drink licences, protected by many Acts of Parliament which do not apply to the licences of theatres, music halls, and cinematograph theatres. The risks are various, but all insurable, and it may be said that the protection the policyholder requires is against loss from any alteration in the *status quo* which would affect the value of his interest. This is a subject for grave consideration to investors or persons interested in theatres, music halls, and cinematograph theatres.

Bearing in mind that the *status quo* is the essential condition to secure, the first, and most likely, interference with this is the possible

refusal of the authorities to allow alcoholic drink to be sold. This would mean generally a loss of profit which, capitalized, might be serious.

The right to serve alcoholic drink is variously enjoyed according to the licence or licences which govern a house.

A music and dancing licence carries with it no right to serve drink, but a drink licence may have been attached or granted to the house. In such case the right to refuse renewal of the drink licence is governed by the Licensing Acts, and cannot be exercised arbitrarily. But there is a further latent risk ; it is that the authorities upon whom the renewal of the music and dancing licence devolves may refuse to renew such licence unless an undertaking is given that the drink licence shall not be exercised.

A dramatic licence carries with it the right to sell drink, but this can be denied to the applicant under the threat of otherwise refusing the licence entirely. Such danger is comparatively remote when the entertainment is purely theatrical. But when a variety entertainment is conducted under a dramatic licence, the procedure would seem to be irregular, and designed to give the holder the right to sell drink without a Magistrate's licence. As such it might easily be discountenanced by the authorities who would then only grant a dramatic licence (if at all) with a stipulation that no excise licence should be taken out, and all drinking stopped.

But there are still other, though perhaps less imminent, risks to be considered if the *status quo* is to be made perfectly secure by insurance.

These risks are the direct refusal to renew the performance licences (dramatic or music and dancing). Such refusal would sweep away the entire goodwill of the enterprise, and the risks are not great in the case of theatrical entertainments under a dramatic licence, or variety entertainments under a music and dancing licence. When a variety entertainment is conducted under a dramatic licence, a deliberate irregularity is perpetrated, and it is possible to insure against the consequences of this (exclusive of the drink licence) with an obligation on the part of the policyholder to apply for and accept a music and dancing licence.

A cinematograph licence is necessary for a "picture theatre" where inflammable films are used.

These licences are frequently coupled with a music licence, and when this is the case such music licence is also insurable.

The business is rendered difficult by the lack of collated experience as in other forms of insurance, and the underwriter is forced to rely upon his specialized knowledge and judgment which can only be gained by many years' handling of the business.

GENERAL POLICY

POLICY No. G.P.
SUM INSURED £
WHEREAS

ANNUAL PREMIUM £
PAYABLE

(hereinafter called "the Insured"), interested in

(hereinafter called "the Premises"), in respect of which a License has been granted to for the sale by retail of Excisable Liquors, and the Insured has delivered to THE INSURANCE COMPANY, LIMITED (hereinafter called "the Company"), a Proposal in writing, dated the day of 19 , for insuring the Insured against loss by the depreciation in value of the interest of the Insured in the Premises by the forfeiture of or refusal to renew the said License, after due application for such renewal, and which Proposal it is agreed shall be the basis of the Contract of Insurance hereby intended, and has paid to the Company the sum of as the first Premium for such Insurance:

NOW IT IS HEREBY AGREED (subject to the Conditions on the back hereof, which are to be taken as part of this Policy), that if the said License shall be forfeited or refused renewal by the Licensing Justices or other authority, at any time between the day of 19 , and the first day of 19 , both inclusive, or at any time afterwards so long as the Insured shall pay to the Company and it shall accept the sum required as the Premium for the renewal of this Policy on or before the first day of in the last mentioned and each succeeding year, then the Company will pay or make good to the Insured all loss that the Insured may sustain by the depreciation in value of the interest of the Insured in the Premises by the forfeiture of or the refusal to renew the said License, to an amount not exceeding the sum of

PROVIDED ALWAYS that if the Insured shall be entitled to obtain the payment of compensation under the provisions of any Act of Parliament in respect to the refusal to renew the said License, no claim shall arise under this Policy.

IN WITNESS WHEREOF this Policy has been signed on behalf of the Company this day of 19 .

License Manager.

1. The Insured shall, prior to the payment of any premium for the renewal of this Policy, give notice in writing to the Company of anything which has occurred, since the payment of the then last preceding premium, to the knowledge of the Insured, which renders the License within referred to void, or liable to be forfeited or declared void, or which might endanger the renewal or transfer thereof, or which does or might occasion any disqualification or any alteration of the risk hereby insured against. And, subject to such notice, the Insured shall be deemed to have re-affirmed at the date of such renewal the matters stated in the Proposal referred to in this Policy.

2. The Insured shall, upon becoming aware of any change in the tenancy or management of the premises, or any transfer of the License, give notice of such change or transfer to the Company at their registered office in London.

3. If the Insured shall at any time receive oral or written notice or information that any notice, caution or other complaint has been given or made against the premises or the tenant, manager, occupier or License-holder thereof, or that the renewal of the License within referred to is objected to, or that the consideration of the renewal thereof has been adjourned, or that any application for a transfer thereof has been opposed or refused, or that the premises are disqualified, or that the tenant, manager, occupier or License-holder thereof has been summoned for, charged with, convicted of, or committed for trial for any offence whatsoever, or has been required to attend personally upon the hearing of any application for the renewal of his License, or is dead, or has become

bankrupt, or has, by sickness or other infirmity, been rendered incapable of keeping an inn, or has absconded, the Insured shall, within forty-eight hours after the receipt of such notice or information, send information thereof in writing to the Company at their registered office in London, together with a copy thereof if the same be in writing, or details thereof if the same be oral.

4. In the event of the License, in respect of which this Policy is granted, being refused renewal, or forfeited, the Insured shall send notice in writing thereof to the Company at their registered office in London, within twenty-four hours after the order of the Justices, or other event whereby the License has been refused renewal, or forfeited, has come to the knowledge of the Insured, stating (so far as the Insured is able) the grounds upon which such order was made or the particulars of such event; and the Company (if it deems fit) shall be at liberty, at its own expense, to appeal against any such refusal to renew or forfeiture (if and so far as it legally can) in the name of the Insured, and to employ its own Solicitors to conduct such appeal; and the Insured shall appeal against the same at the request of the Company, and give all due and proper information and assistance to the Company or their Solicitors in and about the conduct of such proceedings; and the Company will repay to the Insured all law costs occasioned by any such appeal that may be prosecuted by the Insured at the request of the Company.

5. This Policy ceases to be in force as to any Property hereby insured which shall pass from the Insured to any other person otherwise than by Will or operation of Law, unless notice thereof be given to the Company and the subsistence of the Insurance in favour of such other person be declared by a Memorandum endorsed hereon by the Company; and the expression "the Insured" herein shall then include such other person. Provided always that in no case shall the manager or occupier of the premises, or the License-holder, benefit under this Policy.

6. The Insured shall from time to time give all such information as the Company, its Directors, Officers or Agents may require for any purpose connected with this Policy and the risk hereby insured against, and such Directors, Officers, and Agents may at all reasonable times enter upon and inspect the premises. And upon the refusal to renew or forfeiture of the License the Insured shall at the request of the Company deliver to the Company a claim in writing in respect thereof, stating the amount of the loss and giving such particulars thereof as are reasonable and practicable, and shall give the Company free access to the premises, and to all accounts, books, and other documents pertaining to the management of the premises and the business there carried on, and provide all such assistance and information, together with (if required) a statutory declaration of the truth and accuracy thereof, as may be necessary for ascertaining the value of the property and goodwill of the business carried on upon the premises, and the probable amount of the liability of the Company hereunder.

7. If any claim upon this Policy be in any respect fraudulent, or if any false statutory or other declaration be made in support thereof, or if there be any omission or misstatement in the proposal, or if the premises shall be closed for any period not required by law or not used solely and entirely for the purpose for which the License was granted, or if any direction or requirement of the Licensing Justices or of any other authority shall not be complied with, or if the premises are not in sanitary or other repair or condition, or if the refusal to renew or forfeiture of the License be occasioned wholly or partly by or through the procurement or connivance or neglect of the Insured, or by or through the insufficiency of annual value of the premises, or by or through any event which might have been prevented by the Insured, or if the Insured shall knowingly and wilfully omit to exercise any right or power, or do any act or thing which would or might reasonably have been expected to prevent such refusal to renew or forfeiture, all benefit under this Policy shall be forfeited.

8. If at the time of the refusal to renew or forfeiture of the License hereby insured there be any other subsisting insurance or insurances, whether effected by the Insured or by any other person, covering the same interest therein, this

Company shall not be liable to pay or contribute more than its rateable proportion of the loss.

9. No alteration in the premises shall be made without the sanction of the Licensing or other necessary authority, and no application shall be made for the removal of the License to other premises, nor shall any offer be made to surrender or discontinue the License without the sanction of the Company.

10. The Insured shall exercise against the tenant, manager or occupier of the premises and the License-holder all rights, powers, privileges and forfeitures which the Insured may possess against or over such tenant, manager or occupier and License-holder which may be calculated or intended to protect the said License from loss, or to secure or protect the property or interest of the Insured therein. And the Insured shall make all such applications and do all such things as the Insured may make or do as owner of the premises under the Licensing or any other Acts which may be calculated or intended as aforesaid. And in the event of the death, bankruptcy, or incapacity of the tenant, manager, occupier or License-holder, or if he shall abscond, the Insured shall procure a suitable person to replace him or to whom the Justices will transfer the License, or grant the License by way of renewal.

11. If the tenant, manager or occupier of the premises, or the License-holder, shall at any time be convicted of any offence, the Insured shall forthwith exercise all the rights, powers, privileges, and forfeitures mentioned in Condition 10, and the Insured shall procure a suitable person to replace him or to whom the Justices will transfer the License, or grant the License by way of renewal.

12. If any difference of any kind whatsoever shall arise between the Insured or any Claimant under this Policy and the Company in respect of this Policy or any claim hereunder, the same shall be referred to the Arbitration of one or two persons, pursuant to the provisions of "The Arbitration Act, 1889." And the award of the Arbitrator or Arbitrators or of the Umpire appointed by them shall be a condition precedent to any liability of the Company, or any right of action against the Company in respect of this Policy or any claim hereunder. And the Insured or any Claimant under this Policy shall, if he makes any claim hereunder which is not admitted by the Company, appoint an Arbitrator and give notice thereof to the Company within six months of the alleged forfeiture or refusal.

13. The Insured and any Claimant under this Policy shall, at the expense of the Company, do and concur in doing all such acts and things as may be necessary or reasonably required by the Company for the purpose of enforcing any rights and remedies or of obtaining relief or indemnity from other parties to which the Company shall be or would become entitled or subrogated upon paying for or making good any loss under this Policy, whether such acts and things shall be or become necessary before or after indemnification by the Company.

14. If the Insured shall fail to observe and comply with the conditions hereof or shall fail to do any of the matters and things herein required to be done by the Insured, and in these conditions time shall be deemed to be of the essence of the contract, this Policy shall become void, and the premiums that have been paid to the Company hereunder shall remain the absolute property of the Company.

15. Notwithstanding anything herein contained to the contrary the insurance hereunder shall not be invalidated by reason only of the fact that at any time during the continuance of the present emergency and for good cause directly connected therewith the premises shall be closed for any period not required by law or not used for the purpose for which the license was granted or as the result of enemy action are not in the condition of repair required by this policy.

16. No claim shall arise under this policy if, prior or subsequent to the refusal to renew or forfeiture of the said license, the premises shall be required for any public purpose or if surrender or refusal to renew or forfeiture shall arise under or result directly or indirectly from any scheme of town or country planning, improvement or re-development, or surrender reduction or re-distribution of licenses in connection with post-war reconstruction or from any alteration of the law affecting the grant surrender refusal to renew or forfeiture of licenses.

TRUSTEES FOR DEBENTURE HOLDERS

Trustee business in the full sense of the term, viz. acting as trustee and executor under wills, is certainly not accident business. It requires a specially trained and skilled staff, and the work involved is of a special character.

Some companies which do not transact trustee business in this way, do, however, act as trustees for debenture holders and this limited amount of trustee business is sometimes entrusted to the accident department. In this way it may be regarded as accident business, and it is perhaps advisable that it should be mentioned, though very briefly.

It is not possible to give a precise definition of a debenture—it is a document which creates or acknowledges a debt. It can be entered into by an individual, a club or a company, but it is only with the latter that we need concern ourselves.

A company wishing to borrow money does so by means of debentures. It issues debentures in return for a loan and by these debentures it provides the security for such loans. It may be a single debenture, a series of debentures or debenture stock, but whichever way it is, it gives to a trustee a charge over certain assets or a floating charge over all or a specified part of its assets as security for the loan.

If it is a fixed charge then certain specified property is charged, or if a floating charge then it does not crystallize, as it is termed, until certain events specified in the trust deed have happened, when the property comes under the sole control and power of the trustee for the benefit of the debenture holder.

In short, what happens is this : a company gives a charge upon all its property, shops, stock, and so on. It trades with these, selling some, buying others, and nothing happens as long as the terms of the deed, such as to keep in good condition, to provide for depreciation, to insure and to pay the agreed interest, etc., are carried out. If the company fails in this then the trustee steps in, the charge crystallizes and he holds the property for and on behalf of the debenture holders who are thus secured creditors.

He thus acts as the custodian for the debenture holders, and although in the case of a prosperous company of repute the position may be a somewhat nominal one, there are times when owing to the complicated nature of the security offered by the modern industrial company, the trustee has often to accept certain powers and to assume certain duties relating thereto.

The powers of the trustee are stated expressly in the trust deed. The most important power exercisable by a trustee prior to the enforcement of the security is that of concurring in transactions

affecting the specifically mortgaged premises. This power, which is essential if continual reference to the debenture holders is to be avoided can be exercised only within the limits provided by the trust deed and is made subject to the provision that the interests of the stockholders shall not be prejudiced.

The trustee is sometimes granted power to authorize borrowing in front of the security for debentures for specific purposes, but a responsible trustee would prefer not to accept a discretion of this kind.

Trustees are frequently given power to waive breaches of trust. This serves a useful purpose and enables a trustee to waive a technical breach of trust or a breach which in his view cannot adversely affect the interests of the debenture holders.

The duties of the trust are in the main implied in the acceptance of the trust and the principal duties outlined in the deed. They include the following—

(a) To ensure that the provisions of the trust deed comply strictly with the terms of the prospectus.

(b) To ascertain that any specific charge is registered and that everything else is done that may be necessary to ensure that the security is properly constituted.

(c) To satisfy himself that the borrowing company has carried out its sinking fund obligations in accordance with the requirements of the trust deed.

(d) To take any steps that may in the circumstances be desirable and practical (without undue interference in the company's business) to check that other material covenants of the company are complied with, particularly those relating to the maintenance of adequate insurances, the replacement and upkeep of properties and the restrictions placed on borrowing powers.

(e) In the event of a default by the company, to take such action as may be in the best interest of the stockholders to see that the default is remedied and, if thought desirable, to notify and consult the debenture holders or a representative body of debenture holders.

The duty of preparing the trust deed and registering any specific charges is a matter to be undertaken by the solicitors.

The trust deed usually contains an indemnity clause whereby the trustee is protected from all his acts and omissions other than those involving wilful default or actual fraud.

It is concerning this indemnity clause that a considerable controversy has arisen, and many of the companies find themselves in both camps.

As investors they would naturally like to see the indemnity abolished with a view to increasing the vigilance of trustees and so improving their securities.

As trustees they naturally want the indemnity clause—

(a) In order to protect themselves against frivolous actions which may be brought by debenture holders who may, for one reason or another, be dissatisfied with their treatment, and

(b) in order that they may know where they stand in the exercise of duties which are not, and cannot be, precisely defined.

The position of the debenture trustee is quite different from that of the trustee of a private estate who has imposed on him precise obligations to apply or deal with a trust fund for the benefit of certain individuals.

The point has been dealt with by the Companies Act, 1948, Sect. 88, which provides as follows—

88. (1) Subject to the following provisions of this section, any provision contained in a trust deed for securing an issue of debentures, or in any contract with the holders of debentures secured by a trust deed, shall be void in so far as it would have the effect of exempting a trustee thereof from or indemnifying him against liability for breach of trust where he fails to show the degree of care and diligence required of him as trustee, having regard to the provisions of the trust deed conferring on him any powers, authorities, or discretions.

(2) The foregoing subsection shall not invalidate—

(a) any release otherwise validly given in respect of anything done or omitted to be done by a trustee before the giving of the release; or

(b) any provision enabling such a release to be given—

(i) on the agreement thereto of a majority of not less than three-fourths in value of the debenture holders present and voting in person or, where proxies are permitted, by proxy at a meeting summoned for the purpose; and

(ii) either with respect to specific acts or omissions or on the trustee dying or ceasing to act.

(3) Subsection (1) of this section shall not operate—

(a) to invalidate any provision in force at the coming into force of this section so long as any person then entitled to the benefit of that provision or afterwards given the benefit thereof under the next following subsection remains a trustee of the deed in question, or

(b) to deprive any person of any exemption or right to be indemnified in respect of anything done or omitted to be done by him while any such provision was in force.

(4) While any trustee of a trust deed remains entitled to the benefit of a provision saved by the last foregoing subsection, the benefit of that provision may be given either—

(a) to all trustees of the deed, present and future, or

(b) to any named trustees or proposed trustees thereof; by a resolution passed by a majority of not less than three-fourths in value of the debenture holders present in person or, where proxies are permitted, by proxy at a meeting summoned for the purpose in accordance with the provisions of the deed or, if the deed makes no provision for summoning meetings, a meeting summoned for the purpose in any manner approved by the court.

The fee charged for the acceptance of the office of a trustee for debenture holders is an annual one varying with the amount of the debentures.

The appointment obviously offers some collateral advantage to the company, not the least of which is some very desirable publicity.

GOODS IN TRANSIT

Accident offices were not the first in the field. Marine companies in connection with policies covering sea voyages also covered land risks, and indeed quite freely issued policies covering transit by land only. In the United States this form of cover has the distinctive name of "Inland Marine" describing land or inland waterway transportation. The marine policies generally related to a specific journey, or, if cover was desired for a number of journeys, a policy was issued

for a sum representing the estimated value of the goods to be carried for the period, and against this sum the insured made declaration as the journeys took place.

The accident departments, however, issuing motor and driving policies were asked to insure the goods which were carried by the vehicles covered by such policies, which risk is normally excluded from the policies. The original entry of many accident companies into goods in transit insurance was, therefore, by means of the extension of motor and driving policies. These extensions, however, did not necessarily meet all circumstances nor was the customary marine method of rating, although the soundest method, always satisfactory.

Frequently the owner of a vehicle did not desire to disclose any more information than a statement that he owned one or more vehicles and that such vehicles were in more or less regular use, carrying his own or other people's goods for varying distances. This led to the offer, as an alternative method of rating, of an annual policy rated on the number of vehicles used and the maximum value at risk on each vehicle.

It is a method introduced to meet a demand but is not so reliable as rating on the actual value carried.

The most onerous liability attaching to the carriage of goods is that incurred by the common carrier. A common carrier is one who is prepared for reward to carry from place to place any goods that are entrusted to him.

At common law, the liability of common carriers for the safety of goods entrusted to their care is virtually absolute but for certain goods this liability has been limited by the Carriers Act, 1830. This Act limits the liability to £10 in respect of specified goods unless a value in excess of this amount has been disclosed and an increased charge paid in respect thereof. The goods to which this limitation applies include gold and silver, precious stones, jewellery, watches, silks, furs, lace, glass, china, pictures and paintings.

Carriers when seeking insurance protection are principally concerned with covering their liability to their customers, but some prefer to arrange a full insurance on the goods irrespective of legal liability.

There are also contractors who are not necessarily common carriers, and they frequently desire cover in respect of their customers' goods. Policies are also issued to firms who carry their own goods.

Where legal liability cover is sought by a haulier, a careful study should be made of his conditions of carriage in order to ascertain precisely what liability he accepts.

1 Please state—		
(a) Towns and localities where vehicles will be used		(a)
(b) The maximum value of any one load		(b)
(c) If the vehicles are not fitted with closed bodies what precautions are taken for protecting the load?		(c)
(d) If the vehicles will be loaded by your Employees?		(d)
(e) If there is an attendant as well as the driver on each loaded vehicle who at all times remains with the vehicle when it is not within a securely locked building? If not, what steps are taken to protect the load when the vehicle is left unattended?		(e)
2 If any vehicles are garaged overnight whilst loaded, please state:—		
(a) Maximum number of vehicles in any one building		(a)
(b) Maximum value of goods to be insured in any one building ..		(b)
(c) Address(es) of building(s)		(c)
3 (a) If any of the vehicles are steam-driven state whether each such vehicle is fitted with an efficient spark arresting device ..		(a)
(b) If so, describe such arrestors		(b)
(c) Are the boilers insured against explosion? If so, state name of Company		(c)
(d) Do the vehicles carry fire extinguishers?		(d)
(e) If so, state make of same		(e)
4 (a) How many of your employees hold a driving licence? ..		(a)
(b) Have any of them ever had their licences suspended or endorsed?		(b)
5 Have you any vehicles other than those mentioned in the above Schedule?		
6 (a) State nature of goods to be carried		(a)
(b) Are any of the undermentioned goods to be included in the Policy? If so, an additional premium will be required ..		(b)
Raw Cotton, and all other Vegetable Fibres and Grasses, Artificial Silk Waste, Petroleum and all Mineral and Rock Oils and Lubricating Oil containing Mineral Oil, Naphtha, Turpentine, and other Wood Spirit and liquid products of any of them, pelts and silk articles		
7 (a) Has any proposal for Goods in Transit Insurance ever been submitted by you to any Company or Underwriters? ..		(a)
(b) If so, please state name and with what result		(b)
(c) Has the renewal ever been declined, or not invited? ..		(c)
(d) Has an increased rate been required?		(d)
8 If cover is required on unspecified vehicles (see Scheme 2 overleaf) state the estimated aggregate value of loads which will be conveyed during the next 12 months		
9 Do you desire the Policy to exclude Fire Damage? ..		

10 State complete record of Loss of or Damage to Goods in Transit during the past 3 years:—

Year	Total Number of vehicles in use during the year	Total No. of Accidents	Cost of Settled Claims						Outstanding Claims					
			Fire		Accidental Damage		Theft		Fire		Accidental Damage		Theft	
			No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.	No.	Amt.
19														
19														
19														

I/We declare that the above particulars and statement are true, correct and complete and that I/We have not suppressed, misrepresented or misstated any material fact affecting the risk to be insured and agree that this proposal and declaration shall be the basis of the contract between me/us and the. Insurance Company Limited.

..... 19.... *Proposer's Signature* }

GOODS IN TRANSIT BY ROAD

The Goods in Transit Policy for Owners of all types of goods carrying vehicles covers loss of or damage to goods by:—

FIRE OR ACCIDENTAL MEANS OR THEFT OR PILFERAGE

whilst being loaded upon, conveyed in or on or unloaded from vehicles and trailers anywhere within the land limits of Great Britain, Northern Ireland, Ireland, the Channel Islands and the Isle of Man.

The following alternative schemes for the insurance of Goods in Transit are available:—

Scheme 1.—Specified Vehicles—An Insurance for a stated amount on each vehicle.

Scheme 2.—Unspecified Vehicles—An Insurance up to the full value of the load, the premium being charged on monthly declarations of the aggregate value of consignments.

Scheme 3.—Individual journeys.

Terms which vary according to the individual circumstances of risk will be quoted on receipt of completed Proposal Form and full details of the scope of the Policy will be supplied upon request.

The first £2 10s. 0d. of each and every loss or damage, other than by Fire, must be borne by the Insured. If the Insured is prepared to bear a larger amount of each and every loss a lower premium is charged.

EXCLUSIONS

This insurance does not cover:

- (a) Loss or Damage due to Weather and/or Atmospheric conditions, Delay, Loss of market, Depreciation, Deterioration, Wear and tear, Vermin, use of Hooks, Defective packing, Leakage or Spilling of any liquid, gas or goods from the containers unless caused by collision, or Theft or Pilferage in which any employee or member of the Insured's family is concerned as principal or accessory.
- (b) Loss or Damage arising from the conveyance of explosives or goods of a dangerous nature, Explosion of the boiler of the vehicle, Earthquake, War, Invasion, Military or Usurped Power, Riot, Civil Commotion, Strike, Looting or Pillage, or Confiscation or Destruction by or under the order of any Government or Local Authority.
- (c) Loss of or Damage to Live Stock, Machinery or Metal Castings, Jewellery, Gold and Silver Articles, Precious Stones, Bullion, Cash, Bank-notes, Deeds, Bonds, Bills of Exchange or other documents representing money, Furs, Wines or Spirits, or the breakage of Clocks, China, Glass, Earthenware, Pictures, Scientific Instruments, Statuary, Marble, Plaster work or damage to Furniture as the result of scratching, bruising or denting.
- (d) Loss or Damage caused or arising whilst the vehicles are engaged in racing, pace making, reliability trials or speed testing or arising whilst any vehicle is overloaded or is being improperly used or with the knowledge of the Insured or of his authorized representative driven by an unlicensed driver.

GOODS IN TRANSIT POLICY

WHEREAS the Insured (named in the Schedule below) carrying on the business stated in the said Schedule and no other for the purpose of this Insurance by a proposal (dated as stated in the said Schedule) which shall be deemed to be the basis of this contract and be considered as incorporated herein has applied to the INSURANCE COMPANY LIMITED (hereinafter called the Company) for the Indemnity hereinafter contained for the period from the date named as the commencing date of this Insurance to 4 o'clock in the afternoon of the date named as the expiry date and in consideration of the payment of the sum shown below as the first premium for or on account of such indemnity,

NOW IT IS HEREBY AGREED AS FOLLOWS:—

That during the said period and during any period for which the Company may agree to accept a renewal premium the Company will subject to the terms, exceptions, limitations and conditions contained herein or endorsed hereon

(which shall so far as the nature of them respectively will permit be deemed to be conditions precedent to the right of the Insured to recover hereunder) indemnify the Insured against loss of or damage to the property mentioned in the said Schedule arising within the land limits of Great Britain Northern Ireland Ireland the Channel Islands and the Isle of Man caused by Fire or Accident or Theft whilst being loaded upon, conveyed in or on or unloaded from any of the vehicles described in the Schedule or whilst temporarily housed by the Insured at premises other than premises owned or occupied by him in course of transit during such period provided that the aforesaid vehicles shall not be left unattended at any time during the night unless housed in properly constructed premises reasonably protected against Fire, Burglary, Housebreaking and Theft. Provided always that the Company's liability shall not exceed the sum specified in the Schedule (a) as the sum insured on each vehicle and/or trailer, nor (b) as the maximum sum insured in any one building.

PROVIDED that this Policy is Subject to Average, that is to say, if the total value of the property on any one Vehicle and/or Trailer at the time of any loss exceeds the sum insured in respect of the said Vehicle and/or Trailer as herein provided for, then the Insured shall be considered as being his own Insurer for the difference and shall bear a rateable share of the loss accordingly.

EXCEPTIONS

PROVIDED ALSO that the indemnity herein contained shall not apply to the following except and in so far as the Company has by endorsement agreed to extend this insurance:—

- (a) The first Two Pounds Ten Shillings of any loss or damage arising from one cause (except Fire).
- (b) Loss or Damage due to Weather and/or Atmospheric Conditions, Delay, Loss of market, Depreciation, Deterioration, Wear and Tear, Vermin, use of Hooks, Scratching, Rubbing or Abrasion, Defective packing, Leakage or Spilling of any liquid, gas or goods from the containers, unless caused by Collision or Theft in which any employee or member of the Insured's family is concerned as principal or accessory.
- (c) Loss or Damage arising from the conveyance of Explosives or goods of a dangerous nature, Explosion of the boiler of the vehicle, Earthquake, War, Invasion, Act of Foreign Enemy, Hostilities (whether War be declared or not), Civil War, Rebellion, Revolution, Insurrection, Military or Usurped Power, Riot, Civil Commotion, Strike, Looting or Pillage, or Confiscation or Destruction by or under the order of any Government or Local Authority.
- (d) Loss of or Damage to Live Stock, Machinery or Metal Castings, Jewellery, Gold and Silver Articles, Precious Stones, Bullion, Cash, Banknotes, Deeds, Bonds, Bills of Exchange or other documents representing money, Furs, Wines or Spirits, or the breakage of Clocks, China, Glass, Earthenware, Pictures, Scientific Instruments, Statuary, Marble or Plaster work.
- (e) Loss or Damage caused or arising whilst the vehicles are engaged in racing, pace making, reliability trials or speed testing or arising whilst any vehicle is overloaded or is being improperly used or, with the knowledge of the Insured or of his authorized representative, driven by an unlicensed driver.

SCHEDULE

POLICY No.		Name of Insured		Property			
Date of Proposal and Declaration		Address		(subject to the above exclusions)			
Agency		Business					
Period of Insurance		Annual Premium		First Premium			
Commencing Date		Expiry Date					
Particulars of Vehicles used for Conveyance of Goods						Sum Insured	
Item	Make and Description of Vehicle	Registered Letter and Number	Carrying Capacity of Vehicle	No. of Trailers	Carrying Capacity of each Trailer	Vehicle	Trailer
Form No.		Maximum Sum Insured in any one building £				Total Sums Insured	

IN WITNESS WHEREOF, this Policy has been signed this

.....
Accident Manager.

CONDITIONS

1 Every notice or communication to be given or made under this Policy shall be furnished in writing to the Head Office or any Branch Office of the Company.

2 Upon the happening of any event giving rise or likely to give rise to a claim under this Policy coming to the knowledge of the Insured or of the Insured's representative for the time being the Insured or his representative shall :—

- (a) Give immediate notice thereof to the Company stating the circumstances and if the loss has been occasioned by theft, give notice to the Police and take all practicable steps to discover the guilty person or persons and to recover the property lost.
- (b) Within fourteen days after such notice deliver to the Company a detailed statement in writing of the loss or damage.
- (c) Furnish to the Company all such particulars and evidence, documentary or otherwise, and execute and do all such assurances and things, and give all such assistance as the Company may reasonably require.

3 The Company shall not be liable:—

- (a) If there be any misstatement in, or if a material fact be omitted from the proposal.
- (b) If, after the insurance has been effected the risk be increased from any cause whatsoever without in every case the assent or sanction of the Company being signified by endorsement hereon.

4 If at the time of loss or damage there be any other insurance effected by the Insured or by any other person, covering the property lost or damaged the Company shall not be liable to pay more than its rateable proportion of the loss or damage.

5 The Company may, by seven days' notice in writing to the Insured, by registered letter to his last known address, cancel this Policy at any time paying on demand a proportion of the Premium corresponding to the unexpired period of the Policy.

6 The Insured shall not without the consent in writing of the Company incur any expense whether of litigation or otherwise, or make any payment, offer, promise, settlement, arrangement or admission of liability in respect of any claim for which the Company may be liable under this Policy. The Company shall in respect of anything insured under this Policy be entitled to take over and conduct in the name of the Insured the defence of any claim or to prosecute in the name of the Insured at its own expense and for its own benefit any claim for indemnity or otherwise against any persons and shall have full discretion in the conduct of any proceedings and in the settlement of any claim and the Insured shall give all such information and assistance as the Company may require.

7 Upon the payment of any claim or loss under this Policy the Property in respect of which such payment is made shall belong to the Company. All sums which may from time to time be paid to the Insured under this Policy in any one year of insurance shall be accounted in diminution of the total sum insured, so that in any one year of insurance the total amount payable by the Company shall not in any case exceed the total sum insured by this Policy, unless the Insured pays, and the Company agrees to accept, such proportion of the Annual Premium as is required to reinstate the sum insured to the total sum insured under this Policy for the remainder of the current year of insurance.

8 The Insured shall exercise all care and diligence in the selection of steady sober and competent drivers and in the prevention of accidents and shall see that all vehicles are overhauled periodically and kept in a proper and efficient state of repair.

9 All differences arising out of this Policy shall be referred to the decision of an Arbitrator to be appointed in writing by the parties in difference or if they cannot agree upon a single Arbitrator to the decision of two Arbitrators, one to be appointed in writing by each of the parties within one calendar month after having been required in writing so to do by either of the parties, or, in case the Arbitrators do not agree, of an Umpire appointed in writing by the Arbitrators before entering upon the reference. The Umpire shall sit with the Arbitrators and preside at their meetings, and the making of an Award shall be a condition precedent to any right of action against the Company. If the Company shall disclaim liability to the Insured for any claim hereunder and such claim shall not within twelve calendar months from the date of such disclaimer have been referred to arbitration under the provisions herein contained then the claim shall for all purposes be deemed to have been abandoned and shall not thereafter be recovered hereunder.

The exceptions should be carefully noted. They are self-explanatory with the exception of the words "explosives and goods of a dangerous nature"—a definition of these words is difficult, but one method would be to limit them to all goods detailed in the special classification of explosives and other dangerous goods carried by the railways at owners' risk only, according to the General Railway Classification of Goods List. This method is not good, as all too often neither the insured nor the representative of the company arranging the cover is familiar with the Railway List. The alternative method is to exclude specifically from the insurance certain classes of goods, which are regarded as objectionable.

A special policy has been drawn up to give protection against damage to furniture caused whilst being removed by road or rail.

The following alternative covers are available.

1. Loss of or damage to the property directly caused by fire or collision or overturning or derailment of the conveyance in which the property is in transit. Rate 1s. per cent.

2. Loss of or damage to the property directly caused by fire, theft or accident whilst in transit. Rate 5s. per cent.

The minimum premium is usually 5s. and if the property is not covered for full value, the insurance is subject to average.

The policy does not apply to the following—

(a) The first five pounds of any loss or damage unless caused by fire, collision, overturning or derailment.

(b) Jewellery, watches, personal ornaments, precious stones, deeds, bonds, stamps or money, nor for damage due to ordinary wear and tear or natural depreciation.

(c) Any article (except furniture, pianos, and organs) of greater value than £50 unless specially declared and separately insured.

(d) Loss or damage due to war, civil war or kindred risks, riot, civil commotion, or labour disturbances.

The proposal form and policy do not call for any special comment.

IMPACT OF VEHICLES

The object of this insurance is to cover property and contents against damage caused by impact of vehicles, horses or cattle, not belonging to the insured. A motor lorry may cause considerable damage to a shop and its contents. It is not prudent to rely upon being able to recover from the lorry driver. He may not be insured and may be unable to meet the loss. Insurance is not compulsory in respect of damage to property. Liability may not be admitted, and before the shopkeeper can succeed he may be caused a certain amount of anxiety and incur a good deal of expense. There is also the possibility that the driver may be able to show that the accident arose from some cause outside his control, and in that way escape liability. This assumes that the driver of the motor vehicle is known. A certain amount of damage is caused to property during the night by motor vehicles of which the owners are not discovered.

The policy has no very special features. The property insured includes walls, gates and fences. In rating the risk, the chief factor is the situation of the property such as whether it is on a narrow road or is on a corner or on an incline or at the foot of a hill.

Policies to give complete protection should include cover in respect of loss of profits as well as cover for the actual amount of damage.

BAGGAGE INSURANCE

This class of business is transacted by the marine department but as policies are also issued in the accident department it must be included here.

Baggage insurance covers the property specified whilst in transit by land, water or air and in all places and situations throughout the journey against loss or damage from any accidental cause including fire and theft not occasioned by happening through or contributed to by—

(a) detention, seizure or confiscation or any attempts thereof of the property from any cause,

(b) strikes, riot, civil commotion, war, invasion, act of foreign enemy, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or piracy or contact or collision of any conveyance on which the said property may be, with mines, torpedoes, bombs or other engines of war.

The policy does not cover—

(a) cash, notes, travel tickets, bonds or securities of any kind,

(b) damage to crockery, china, glass, sculpture, curios, pictures, cameras, musical instruments or fragile articles of any kind unless caused by fire, theft, the stranding, sinking, crashing, collision, overturning or derailment of the conveyance,

(c) damage occasioned by or due to wear and tear, insects, vermin or natural depreciation.

Unless described and valued separately in the schedule the amount insured on valuables, i.e. jewellery, watches, gold and silver articles, field glasses, cameras, furs, fur coats, and valuable lace is limited to 20 per cent of the sum insured on unspecified articles.

The insurance is effected either by a policy or by a coupon, when the sum insured is usually limited to £500.

The conditions call for no special comment except that they provide that notice of claim must not only be given to the insurance company but in addition to the Railway or Steamship Company or other third party who may be responsible for the loss, and the insured must take immediate steps for the recovery of any missing property.

The insurance is subject to average.

The rates of premiums vary according to the journey contemplated and the length of the trip.

The following will serve as an indication of the premiums charged.

World-wide travel (Approved Voyages)—

For periods not exceeding :

Nine days	8s. 6d. per cent
Fifteen days	10s. „
Three weeks	15s. „
One month	18s. 9d. „
Six weeks	22s. „
Two months	25s. „
Three months	31s. 3d. „
Four months	37s. 6d. „
Five months	43s. 9d. „
Six months	50s. „
Eight months	62s. 6d. „
Twelve months	75s. „

United Kingdom, including Channel Islands, Isle of Man and Eire—

For periods not exceeding :

Nine days	4s. per cent
Fifteen days	5s. „
Three weeks	7s. 6d. „
One month	10s. „
Two months	15s. „
Three months	17s. 6d. „

At present this business is in rather a depressed condition, as facilities for foreign travel are limited. Moreover, the companies are not anxious to grant policies in respect of risks in certain territories. Some countries have always been regarded as involving extra hazard, chiefly Russia, Turkey, Greece, and the Balkan States, and changing conditions in other areas may well lead to a general reconsideration of rates and the introduction of a differential scale according to the countries to be visited.

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